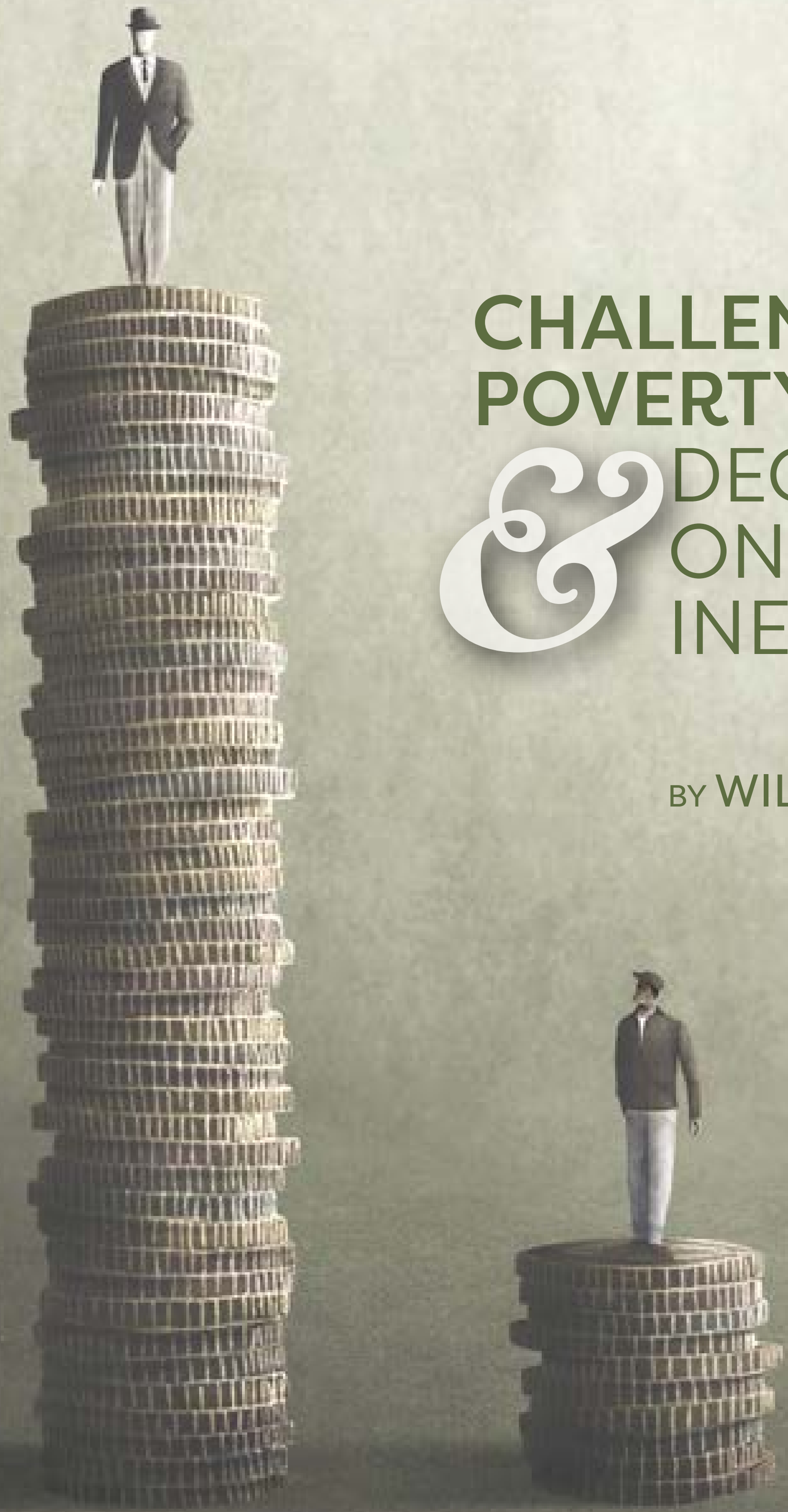
CHALLENGING POVERTY NARRATIVES & DECLARING WAR ON ECONOMIC INEQUALITY



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Executive Summary

Solving economic inequality in America is not a problem of money, it is a problem of will. We have to want to prioritize waging a war against economic inequality. To do so, we have to change conventional narratives around poverty and economic inequality in America that prevent us from coming together and having a sincere conversation about what it will take to substantially reduce economic inequality and restore faith in American institutions. It seems like this conversation has to start outside of DC among the people of America, though I certainly hope some politicians will join in. Politicians, who because of self-interest (i.e., who gets the credit,) are unable to even unite within their parties on major social welfare issues, let alone across party lines, are unlikely to lead the charge. Unity for them only seems possible when they are attacking the other party, but almost never on major social welfare issues facing Americans. In fact, they seem to avoid these conversations in favor of party attacks.

It appears that the type of non-partisan, non-political conversations that can lead to actual policies being enacted, need to happen in the public domain first, then it will have to be forced on politicians. This paper attempts to approach the topic of economic inequality in a way that hopefully every person can engage in the conversation. Equally important as the facts and research are to fostering such a conversation, are the lived experiences of Americans. These experiences matter for how people interpret findings from research. So, as important as it is to report the facts, it is just as important to discuss how facts align with people's everyday experiences. To ignore these experiences is to come across as out of touch, which might not matter in political and academic circles, but it matters when it comes to bringing about narrative change and uniting people behind a war on economic inequality.

The American people have to understand that by not waging war on economic inequality and allowing childhood poverty to persist, that it comes at a high cost to them not only financially but also on the psyche of the country. Further, somewhat ironically, they have to understand that money spent on fighting economic inequality actually yields a strong return on investment. What this suggests is that the smart financial choice is to invest in eradicating economic inequality in America as opposed to delaying and saying we cannot afford to at this time, and of course this time never comes. Delaying only allows economic inequality to continue to grow, tearing at the fabric of America. Delaying leaves us as a people more susceptible to tropes within our borders and beyond, further dividing us and bringing into question our democracy.

The following eight narratives are discussed in this paper:

1. Wealth transfers are unamerican
2. Labor market participation engenders opportunity
3. Poverty in America isn't all that bad
4. Poor people are either income poor or asset poor
5. Are institutions or individuals to blame? + Elements of culture of poverty
6. Poor people only value the present + Elements of culture of poverty
7. The wealthy have better outcomes; they must work harder than the poor
8. Poor people have formed a set of values that perpetuates poverty across generations (i.e., culture of poverty)

Certainly, these are not the only narratives preventing a sincere conversation around solving economic inequality in America but changing these narratives would represent a good start to such a conversation.

DOI: Challenging Poverty Narratives Executive Summary

Conventional Narrative	Narrative Change	Implication(s)
Wealth transfers are unamerican	Wealth transfers are an integral and important part of American economic history	America is not a stranger to wealth transfers. In the 19th Century there was the Homestead Act and in the 20th Century there was the GI Bill. In the 21st Century there has yet to be such a wealth transfer, it is time.
Labor market participation engenders opportunity	Labor market participation (i.e., work) is not the same as opportunity	While there are truly limits on what businesses can pay, and society does need some cheap options, there are ways to both make it possible to provide cheap goods while assuring wages for working these jobs better align with the efforts of poor families and the promise of the American dream. Examples of these types of programs are the Earned Income Tax Credit (EITC), Guaranteed Income, and Child Tax Credit programs.
Poverty in America isn't all that bad	America has children who have substantially less than other children in America and this is an existential threat to the existence of meritocracy	In America, social welfare policies should be designed to provide poor people with "something to live for".
Poor people are either income poor or asset poor	Eradicating economic inequality requires both income and asset solutions	While income provides the foundation from which to catapult families out of poverty, assets are the fuel that empowers people to not only move out of poverty but pursue happiness. From this perspective, income and asset policies have to be understood as a single strategy for eradicating economic inequality as opposed to separate strategies for different problems.
Are institutions or individuals to blame? + elements of culture of poverty	Institutions need to focus on their role in solving economic inequality and individuals on theirs	From this perspective, institutions, regardless of what individuals are or are not doing, must focus on doing what they are responsible for. The same goes for individuals.
Poor people only value the present + elements of culture of poverty	Future orientation is a luxury owning assets provides the wealthy	Assets provide children with the resources needed to begin planning for their futures. When children have assets of their own, they can begin to visualize their future selves going to college, buying a home, starting a business, or retiring one day. Nurturing our children's future selves is important for motivating them to invest their effort and ability into the American way of life. Dreams buoyed by well-funded asset policies (e.g., large dollar Children's Savings Accounts) allow a child to withstand hardship whether it be poverty, war, or even a pandemic.
The wealthy have better outcomes; they must work harder than the poor	Society has unreasonable expectations for poor children that asks them to act irrationally	America needs social welfare policies that provide poor children with lived experiences that align better with society's normative expectations for them (such as attending some form of postsecondary education, opening a business, developing a new innovation, serving in the military, and so on).
Poor people have formed a set of values that perpetuates poverty across generations (i.e., culture of poverty)	Poor children are often simply responding logically to their situation, not replicating "cultural" behaviors	Wealth empowers people by giving them the ability to purchase or access tools humans have created to enhance their ability making success in mainstream institutions more likely. Social welfare policy in America should provide poor children with assets so that they can act from an empowered position within American institutions.

CONCLUSION

What has made America great is simple and timeless, it is the expectation that every person through hard work, and if they have the requisite ability, can better their economic lot in life (i.e., move up the economic ladder). It is the opportunity to bet on yourself that leads people to America and makes it great. And while it is popular now-a-days to downplay the importance of the American dream, it is the belief in this dream that has carried Americans through their toughest times as a people. This is not a dream about making it through the day. It is a promise that every American has the opportunity to have a better tomorrow. To make America great again and restore faith in American institutions, we must declare war on inequality.

Foreword

Hopefully in this paper I have put some things together in a way that illuminates an aspect of economic inequality for you that you had not thought about before. My end goal is to work toward resetting the conversation around economic inequality in America by attempting to take head on some of the narratives that I believe hinder passing meaningful social welfare policy. Like all conversations in America today, the inequality conversation has become a political pawn to be moved about in whatever way is needed for political gain. As a result, many of the words used to talk about poverty have been weaponized, serving to water down or outright mute any meaningful discourse about the threat that economic inequality poses to America and about how best to wage war on it.

We all assume the other is politically motivated so attempts at even trying to understand what the other is saying, let alone acknowledge that there might be some truth to what they are saying, are out the door. I know in most policy or even academic conversations people are constantly attempting not to fall into what they fear is a slippery slope. That is, if they admit there is any truth to, for example, individuals bearing some responsibility for poverty in America, the other side will simply take that opening and make it all about individuals ignoring the responsibility of institutions. Think about, if you talk at all about the responsibility the individual plays in poverty you are quickly labeled as right leaning, and if you talk at all about the responsibility institutions play in poverty you are quickly labeled left leaning. Except today, we don't even label people as left or right leaning, we jump right to labeling them socialist/communist or radical extremist.

In this paper, I abandon all of that political theater, for better or worse. After the introduction section, I spend no more time talking about economic inequality through a political lens. I attempt to attack what have become divisive narratives head on, drawing on my lived experiences as a tool for pulling the curtain back and illuminating as well as reframing some of the struggles disadvantaged children and their families face and the danger that allowing economic inequality to go uncontested poses to the American way of life.

While I am not sure we can have this conversation without falling back into a political battle, I know if we do not, we will not eradicate economic inequality from America and save it from destroying itself. The political war that rages in our country as an out-of-control fire consuming the minds of each and every one of us is fanned by the frustration of the American people in the ability of American institutions to deliver on the American dream. I implore you when you read this to discard your political allegiances, which demand that you read this to find out how your side can win, how you can be right. Instead, try to read it from the perspective of how we can end economic inequality and potentially save America.

With warm regards,

William Elliott III
Director, Center on Assets, Education, and Inclusion
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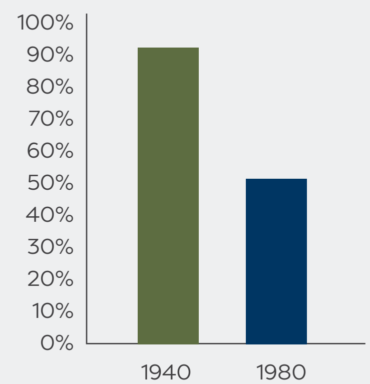
Introduction

President Franklin Roosevelt (1938) when he was talking about the New Deal said, "Liberty requires opportunity to make a living decent according to the standard of the time, a living that gives man not only enough to live by, but something to live for." Without this opportunity, he continued, "life was no longer free; liberty no longer real; men could no longer follow the pursuit of happiness" (p. 233). It had to be music to the ears of every poor person in America to hear these words, that American institutions would stand by their promise to provide every person the opportunity to live a life that would give them not only enough to live by, but something to live for. And all they had to do was work hard. **As a poor person you are made a slave to the present, to your economic circumstance with most of your energy devoted to making it through the day. Freedom for the poor is the opportunity to begin thinking about and planning their future.** For me, Roosevelt's words capture the American ideal, and even as I read it today it is music to my ears. The opportunity to not only survive the day but the opportunity to have something worth living for is one of the great ideals of America and has helped to make it great.

However, this promise of opportunity is being brought into question because of growing economic inequality in America. For example, current research suggests young adults do not have the same economic opportunities as their parents. For example, using longitudinal data, Chetty and colleagues (2016) quantified the growing "stickiness" of the rungs on the U.S. economic ladder. They found that an American born in 1980 had only about a 50% chance of earning more than their parents, far lower odds than those of an American born in 1940 (90%). In their analysis, they attributed most of the decrease in mobility to an increase in inequality. They found that holding inequality to its 1970 level would give 36-year-olds living in 1980 an 80% chance of their earnings surpassing their parents' earnings. Moreover, they found evidence that the problem is bigger than simply raising Gross Domestic Product (GDP). Modeling greater growth in GDP within today's environment of unchecked inequality demonstrated less improvement in mobility rates while modeling the more equal income distribution of children born in 1940 reversed more than 70% of the drop in mobility (Chetty et al., 2016). It seems, then, that the promise of opportunity for all is best realized through equitably sharing the fruits of U.S. economic growth—the opposite of current trends.

HISTORICAL LOOK AT THE ABILITY OF CHILDREN TO EARN MORE THAN THEIR PARENTS



Chetty and colleagues (2016)

While I plan to write a separate paper on race and economic inequality that builds on this paper, a word on race is also needed here because it is hard to understand economic inequality in America without some basic background information on the role of race. At least in part, economic inequality has been racialized so as to keep poor White and non-White Americans from understanding that they have a common interest in policies that would provide all poor Americans a wealth transfer. For example, regarding welfare, Gilens (1999) describes how the media has portrayed welfare primarily as a program for Blacks. More generally, **Dixon (2017) examined a random sample of print and online news stories published between 2015 and 2016 and found that 59% of the poor discussed or depicted were Black and 17% were White, despite the fact that 66% of those classified as poor in America were White at the time.** Couple this with Americans' desire to see the world as just (i.e., success is based on merit) leads some White Americans to deny their race advantages and underestimate the degree to which wealth inequality exists for all (Kraus, Rucker, & Richeson, 2017). Accordingly, they erroneously attribute the Black/White wealth gap to a perceived lack of effort and ability by poor Blacks. This does nothing but create false divides between White Americans and really all non-White Americans. Consequently, identifying and then enacting policies that would allow US government to transfer wealth for the purpose of leveling the playing field (i.e., create an environment where competition exists), not only for poor Black families but poor White families, becomes nearly impossible. Despite the racialization of economic inequality, in talking about the poor in this paper I am not only talking about Black Americans, but all poor Americans to include White Americans. So, for example, when I talk about how people can develop patterns of behavior as a rational response to poverty, I am talking about poor White families and their children as well.

Related to patterns of behavior people form in response to their economic circumstances, I must quickly address the notion that only the poor develop behavioral patterns that can negatively impact their ability to succeed in mainstream institutions. Researchers have also talked about a culture among wealthy children sometimes called the "rich kid syndrome" or "affluenza" that develops as a result of wealthy children always receiving everything they ask for (O'Neil, 1997). (Note. While I cannot discuss it here, it is worth mentioning this is also why including a savings component, for example, into a wealth transfer proposal such as Baby Bonds may be important, see Elliott, 2022. There is importance to people feeling as though they personally have contributed toward their futures, see Hamilton, 2013). These wealthy children exhibit patterns of behavior associated with being irresponsible and lacking empathy (O'Neil, 1997). These patterns of behavior have been shown to lead to high rates of "substance use, depression, anxiety, eating disorders, cheating, and stealing" among wealthy children (Luthar, 2013, p. 1). **However, overall wealthy children do not suffer the same consequences for developing patterns of behavior in response to their economic conditions that low-income children do.** For example, research examining a link between intelligence and genetics finds that less than 24% of high-potential children born to low-income fathers graduate from college, compared to 63% born to high-income fathers (Papageorge & Thom, 2018). The other end of the spectrum might paint an even clearer picture of how wealthy children do not suffer the same consequences as their poor counterparts. **Papageorge and Thom (2018) find that 27% of low-potential children who have high-income fathers graduate from college, a greater proportion than that of high-potential children born to low-income fathers (24%).** However, regardless of whether some wealthy children develop patterns of behavior in response to growing up wealthy, this paper is focused on how to create policies for ending poverty and helping the poor. Therefore, in this paper, it is important to focus on those behaviors some poor families and children develop that might hinder them from being able to take advantage of, for example, a substantial 21st Century wealth transfer. The objective is not to assign blame but to figure out how best to fight the war on inequality.

Finally, the trope that America cannot afford to wage war on economic inequality could have very easily been in the main body of the paper as a narrative. In fact, not waging war on economic inequality and allowing childhood poverty to persist, is costing America. According to McLaughlin and Rank (2018), the aggregate annual cost of childhood poverty to America is over $1 trillion (i.e., about 5.4% of the gross domestic product or 28% of the total federal budget in 2015). Wealth inequality is also costing Americans. Noel, Pinder, Stewart, and Wright (2019) find that the racial wealth gap will cost Americans between $1 trillion and $1.5 trillion between 2019 and 2028. **Solving economic inequality in America is not a money problem, it is a will problem. We have prioritized waging war against economic inequality. To do so, we have to challenge existing narratives around poverty and economic inequality in America that prevent us from coming together and having real conversations that can lead us to actually enacting transformative policies.** In the remainder of this paper, I will discuss different conventional narratives that have stopped a real conversation about ending economic inequality in America from occurring and what narrative change might look like.

CONVENTIONAL NARRATIVE

Wealth transfers are unamerican

NARRATIVE CHANGE

Wealth transfers are an integral and important part of American economic history

In America children who grow up poor face substantial barriers to being able to use their effort and ability to move up the economic ladder, barriers wealthy children do not face. However, inability to buy necessities due to a lack of income is only half of the story, the other half is rarely talked about, and policies are seldom created to address it. In fact, often times tax policies (e.g., mortgage interest deductions) and social welfare policies (e.g., means testing) exacerbate this problem. **The problem I am talking about is the problem of expecting poor children to compete in the same marketplace with wealthy children whose effort and ability are enhanced by assets in the form of family wealth transfers.** For example, while the current financial aid system treats the access problem as poor children not having enough money to pay for college, it ignores the fact that it is also about what assets children have when they leave college so that they can achieve the same return on their degree that wealthy children do (same degree and similar job). This has implications for education actually being the great equalizer society wants it to be. **So, the playing field can never be leveled simply by providing poor children with shelter, food, and clothing (i.e., income assistance). Nor can it be leveled in the case of college, simply by providing money to pay for it even in the form of free college, and certainly not in the form of student loans.** Poor children also need assets that enhance their effort and ability.

Because some children face significant barriers and others do not, it brings into question the principle of the American dream, that effort and ability determine who the winners and losers are. It is well known that capitalism, as great as it is at generating wealth, without government interventions, produces haves and have nots (de Soto, 2000; Marx, 1867). **Thus, the only way to have the American dream ring true in a capitalist society is for government to provide income supports along with timely wealth transfers that can be used to level the playing field. Government transfers mimic family wealth transfers the wealthy provide for their children.** As such, the American dream represents an important *part* of the moral code of the American economic system (i.e., effort and ability, not your birthright, determine outcomes) and is a barometer of sorts for when the system is out of balance and government transfers are required to restore balance.[1]

An economic system that ignores the differing life chances of wealthy and poor children can never be said to be equal, just, or fair. **Wealth transfers are necessary for capitalism to work and for it to be maintained over time, because (somewhat ironically because capitalism creates inequality) capitalism requires that equal opportunity exist in order for it to work.** Wealth transfers are particularly needed in the modern world. Tools such as the computer and now AI so dramatically enhance people's effort and ability that it becomes almost impossible for children to compete without access to the same tools. It is the rare case when a child can exert an exceptionally high level of effort combined with a superior level of ability that they can compete without access to the same or similar tools. This is why narratives that suggest wealth transfers are unamerican actually weaken the ability of the American economic system to work effectively. Wealth transfer is not a dirty word that society should be bullied into abandoning. Wealth transfers are as American as a pickup truck, football on a Friday night, or Applebee's. In fact, timely wealth transfers are required to sustain belief in the American dream and the American way of life.

[1] I say "part" because clearly not everyone for any number of reasons is going to be able to achieve their desired outcomes through the use of effort and ability and society still needs to provide for these people when these circumstances arise.

Furthermore, do not take the protest of wealthy politicians and families as sincere when they try to convince the public that providing poor families a wealth transfer is not important. In fact, research shows that some wealthy families have gone as far as investing large sums of money into framing public conversations about the need for wealth transfer as a subversion of traditional American values and culture (Mayer, 2017; O'Connor, 2017). At the same time, they encourage policies to be passed that help them build additional wealth (Mayer, 2017; O'Connor, 2017). Moreover, the actions of the wealthy speak louder than their words when it comes to the important role that assets play in their own children's lives. According to Lino (2012), on average, families allocate about 17% of their total budget to education-related expenses from birth through age 17. This adds up to about $38,576 in education-related expenditures *before* figuring in college costs. These investments are increasingly in human capital development, not consumer goods (Kornrich & Furstenberg, 2010). Not only are wealthy parents more likely to invest in their children's human capital development today than in the past, but they also invest at critical times when children are young (under age 6) and when they are nearing college age (Kornrich & Furstenberg, 2010). **So, when the wealthy discourage legislation that would provide a wealth transfer to the poor, it can come across as assets are important for our children but not for your children.**

Further, there is mounting evidence that early investment in children is critical to how they perform in school, as well as to their labor market outcomes (Cameron & Heckman, 2001; Cunha & Heckman, 2008; Votruba-Drzal, 2006). Research by Pfeffer and Killewald (2018) finds that more than half of the two-generation wealth transmission (passed down from parents and/or grandparents) is the result of investments wealthier grandparents and parents make in their children's educational attainment, homeownership, business ownership, and marriage. According to them, this suggests that early-life, indirect investments in children are as important if not more important than bequests and gifts by grandparents and parents.

Government wealth transfers to the poor mimic transfers wealthy families make to their children and are a necessary tool for leveling the playing field and breathing life back into the American dream. So, to shy away from the use of the term wealth transfer, or the concept of providing wealth transfers as a means of leveling the playing field, is to shy away from the very idea that has made America great.

IMPLICATIONS

In America there has been a lot of discussion about how to make America great again. This conversation often focuses on things like buying American or making America the manufacturing hub of the world once again. **However, what has made the United States of America great is simple and timeless, it is the expectation that every citizen through hard work and ability can better their economic lot in life (i.e., move up the economic ladder).** Research shows this just isn't the case in America today and is getting less the case over time suggesting it is time once again for a significant wealth transfer (such as the Homestead Act and GI Bill discussed in the introduction). For example, Pfeffer and Killewald (2018) report that 42% of children in the highest wealth quintile (total net worth of $631,000 or more) in America remain in the highest wealth quintile as adults. In contrast, they report that 39% of children in the bottom quintile of the wealth distribution in America fail to move up the economic ladder. Increasing the urgency for a wealth transfer is the fact that they also find evidence that wealth mobility matters more today than it did in the past, "While a move from the 80th to 90th percentile implied a wealth advantage of less than $340,000 (in 2015 US dollars) among the parents in this sample, the same move corresponds to a wealth advantage of more than $563,000 for their children." (p. 1426).

It is the opportunity to bet on yourself that leads people to America and makes it great. It is not about bringing back a particular industry (e.g., steel mills or coal mines) or even the might of our military that makes it great. **The British did not fear our military, what they feared was the spirit of the American people fueled by the power of the narrative that opportunity was no longer a birth right, it was the right of every American.** The American people understood they were extremely over matched and that the fight would happen in their back yards. However, these risks and hardships paled in comparison to the possibility of living in a land where everyone was given the right to change their lot in life if they worked hard enough and had the requisite ability. And while it is popular today to diminish the importance of the American dream, it is the belief in this dream that has carried Americans through their toughest times as a people. This is not a dream about making it through the day. It is a promise that every American is given the opportunity to have a better tomorrow. Assets are the linchpin to connecting people to a better economic future.

Importantly, money spent on a timely wealth transfer has also been shown to yield a strong return on investment. This suggests the smart financial choice is to invest in eradicating economic inequality as opposed to delaying and saying we cannot afford to and allowing it to continue to grow. For example, McLaughlin and Rank (2018) estimate that for every $1 spent on fighting childhood poverty, as a country, we would save at least $7 with respect to the economic costs of poverty. Similarly, investments made in significant wealth transfers have yielded substantial benefits to Americans well beyond their initial costs. For instance, the Homestead Act of 1862 provided Americans with the opportunity to receive 160 acres of land if an individual was willing to move west and stake a claim. As Williams Shanks (2005) states, "In a sense, the government was not only giving away land, but also the opportunity for upward mobility and more secure future for oneself and one's children" (p.25). She estimates that over 246 million acres of land were given away to over 1.5 million Americans as part of the Homestead Act. This represented a substantial wealth transfer in American history that has reverberated down through the generations. Williams Shanks (2005) estimates, "… one-quarter of U.S. adults potentially have a legacy of property ownership and assets in their backgrounds that can be directly linked to national policy" (p. 32). Another example of the benefits that wealth transfers provide Americans can be found in the GI Bill. The GI Bill made higher education and housing possible for millions of veterans. Although the expense may have seemed unthinkable to many in a country recovering from war spending, it not only improved millions of lives, but within eight years of the bill's signing, it had returned every $1 invested in education nearly seven-fold in economic output and federal tax revenue, according to a congressional cost-benefit analysis (Joint Economic Committee, 1988).

Though branded as un-American, as articulated here, the idea of a wealth transfer is completely consistent with American history and with our collective narrative of individual effort. It is about equipping all children with the tools of the day that enhance their effort and ability to compete in a global world. America is not a stranger to wealth transfers. In the 19th Century there was the Homestead Act and in the 20th Century there was the GI Bill. Both still required individuals to put forth considerable effort yet offered real promise to change the distributional consequences of existing systems—property ownership, on the one hand, and higher education, on the other—in ways that helped to transform power and pathways to prosperity, for generations. In the 21st Century there has yet to be such a wealth transfer, it is time.

CONVENTIONAL NARRATIVE

Labor market participation engenders opportunity

NARRATIVE CHANGE

Labor market participation (i.e., work) is not the same as opportunity

To the degree the American dream is a barometer for when the economic system is out of balance telling us when transfers are needed, it means it can also tell us when government interventions have gone too far and are diminishing the need for people to work in order to succeed (i.e., discouraging labor market participation) (e.g., Murray, 1984). It is not hard to imagine a scenario where this could happen, where government assistance was so substantial that it would, at the very least, make it hard to fill some sorts of jobs. However, while it might be true that government assistance can reduce workforce participation under some circumstances, it is important to also point out that research shows that there is little evidence to suggest that this happens on a large scale (Burtless, 1986; Danziger, Haveman, & Plotnick, 1981). Further, recent research on guaranteed income programs indicates that cash assistance may actually improve work outcomes of low-income families (West, Baker, Samra, & Coltrera, 2021), though more research is needed in this area.[2]

It is also important to acknowledge that provision of government assistance is not the only disincentive to work. **The disconnect between the effort poor people asked to put into their work and their wages (i.e., the life they can buy with them), can also be a disincentive to work.** Research shows that 53 million Americans (ages 18 to 64) or 44% of all workers were working low-wage jobs in 2019 (Ross & Bateman, 2019).[3] In addition, we have all heard stories of people working multiple jobs but who aren't able to make ends meet. In 2018, about 7.8% of workers in America had to work more than one job and most of them were low-wage workers (Bailey & Spletzer, 2021).

Clearly work is not equivalent to opportunity. It is not that difficult to imagine low-wage workers who all too often have to work multiple jobs, becoming frustrated and depressed, making it hard for them to find the drive to go to work year after year. Especially when there are no prospects for being able to work their way out of poverty. This is not the promise America made to its people, that working hard would be associated with *not* even making enough money to pay their bills, buy food, or to be able to take their kids to and occasional movie. And yes, we can create laws that mandate work (e.g., Temporary Assistance for Needy Families' work requirement), and while these laws may increase participation in work, they do nothing to deliver on the promise of America. Even worse these types of laws, that force people into low-wage jobs that cannot pay the bills and do not offer an opportunity for advancement, only build mistrust in and animosity toward American institutions.

I have to carry this discussion a little further. I know some will say making the poor work the less desirable jobs society needs done at a wage beneficial to society is necessary so that, for example, we all can buy a cheap burger at McDonald's or cheap clothes at Walmart. And, this is not wrong in as much as, there is a limit to how much McDonald's or Walmart can pay their workers and still provide cheap goods (**Note.** I am not saying they have reached that limit, but there is one, and we have to recognize it as part of a legitimate policy discussion).

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[2] This research is being led by Stacia Martin-West. To see the research plan and full research team for this study go to: https://static1.squarespace.com/static/6039d612b17d055cac14070f/t/605029f652a6b53e3dd39044/1615866358804/SEED+Pre-analysis+Plan.pdf

[3] They defined low-wage jobs as jobs where the median hourly wage was $10.22 with median annual earnings of about $18,000 (Ross & Bateman, 2019).

While there are truly limits on what businesses can pay, and society does need some cheap options, there are ways to both make it possible to provide cheap goods for cheap wages while assuring poor families have enough income coming in to encourage them to continue to work these jobs. Examples of these types of programs are the Earned Income Tax Credit (EITC), Guaranteed Income, and Child Tax Credit programs which can be tied to a work requirement. The advantage of these types of programs is that they not only assure businesses have affordable labor, but they assure that the workers are respected as citizens of America with the same opportunities as their wealthier counterparts.[4]

Given the positive effects that providing government assistance can have on maintaining belief in the American dream, and the minimal risk for significant impact on labor market participation, attempting to apply the work disincentive logic to the overall social welfare system would do more harm than good. This does not mean it is not an important concept to discuss, but it does mean its proper use is targeted and very specific.

[4] Now, a topic for later, these types of programs are also not enough, they have to be married together with asset programs to provide real opportunity to all Americans.

CONVENTIONAL NARRATIVE

Poverty in America Isn't all that Bad

NARRATIVE CHANGE

America has children who have substantially less than other children in America and this is an existential threat to the existence of meritocracy

We cannot assert as a country that the playing field is currently level when income and wealth inequality remain high (Keister & Moller, 2000) and when some children still come home after school to a house with no electric, gas, or water wondering if they will once again be evicted and homeless.[5] I remember these days as a child. Sitting in our house using candles or flashlights to see. When we were lucky, we had kerosene heaters puffing out smoke blackening the walls and our lungs so that we could stay warm. Walking across the street carrying containers to pump water from the local park to bathe ourselves and clean our dishes if we could find anything to eat that day. Now, I know some will say this is extreme, most children in America don't face these types of conditions. While we can debate the level of poverty children face in America (i.e., absolute poverty), it is without debate that America has children who have substantially less than other children in America (i.e., relative poverty), and this an existential threat to a meritocracy. The child poverty rate in the US in 2021 was 16.9% (Benson, 2022). **Moreover, what we need to recognize is, even if all children in America had housing, food, and clothing but were asset poor while others were not, the American dream would still be an illusion.** About 63% of American children live in asset poverty (Klampe, 2019). We have far too long thought of opportunity solely from the standpoint of subsistence, when in order for opportunity to be equal, we must also include an asset empowerment perspective with a focus not only on giving children enough to live by, but also giving them something to live for (see Elliott, 2022).[6]

IMPLICATIONS

We have all likely heard someone say that Americans are not poor like people are poor in other countries, given our higher standard of living. This is usually a narrative that is used for providing less government support. But what Roosevelt was telling us in the quote in the introduction, is that in America, social welfare policies should not be designed solely to provide a poor person "enough to make it through the day". **Instead, in America, social welfare policies should be designed to provide poor people with "something to live for".** Anything less, is to deny Americans their inalienable right to the pursuit of happiness. That is, to deny them the right to be able to pursue a better future for themselves and their children. It is the richness America and its institutions that has allowed us to set forth such a bold vision for what successful social policy should look like.

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[5] I also acknowledge many poor people experience much harsher circumstances than my story depicts.

[6] See three-part blog series: Two Path to The American Dream: CSA On Ramp to the Asset Empowerment Path at https://aedi.ssw.umich.edu/blog.

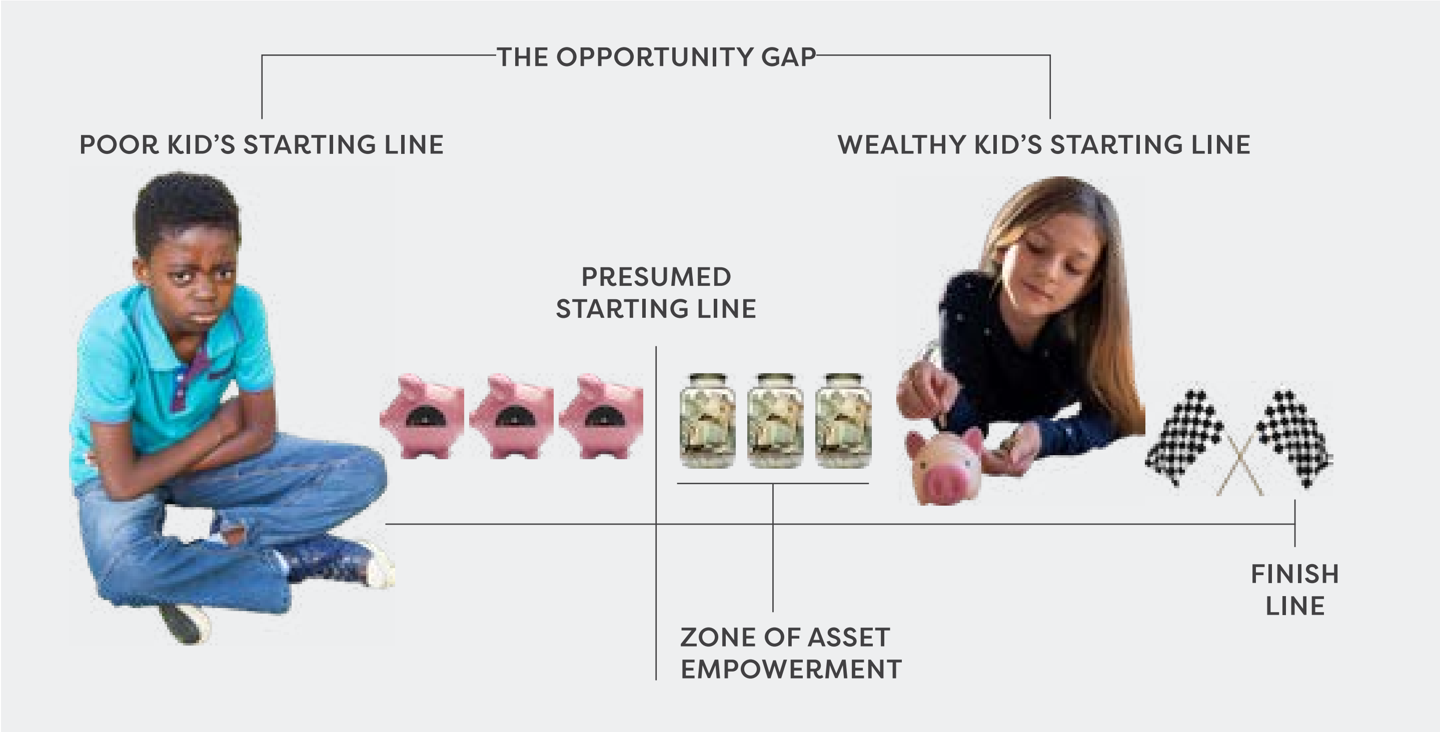
CONVENTIONAL NARRATIVE

Poor people are either income poor or asset poor

NARRATIVE CHANGE

Solving poverty requires income and asset solutions

Poor children start off behind the presumed starting line for the average child in America as a result of having insufficient income to meet their basic needs; lack of income puts them in the red or at a deficit. Widening the gap even further is the fact that poor children are placed into the marketplace together with wealthy children who also do not start off at the presumed starting line for the average child. Instead, they actually start off ahead. These children start off ahead, in large part, because they are empowered by their families' wealth.



Not only do assets give wealthy children a head start, but they also enhance the return wealthy children receive from their use of effort and ability. The distance between what a person is capable of doing without the support of assets, and with the support of assets might be thought of as the **Zone of Asset Empowerment.**[7] An example of assets enhancing effort can be found in research that shows that a $1 increase in income translates to a $5 increase in wealth for White families but only a 70-cent increase for Black families (Shapiro, Meschede, & Osoro, 2013). However, when Black families start off with similar levels of assets, they have a return of $4.03 (Shapiro et al., 2013).[8] Similarly, Rauscher and Elliott (2016) find evidence that income produces greater wealth

[7] This idea is similar to Vygostky concept, Zone of Proximal Development. For more information on the Zone of Proximal Development go to https://www.verywellmind.com/what-is-the-zone-of-proximal-development-2796034

[8] It is important to note, while assets greatly increase the return on effort and ability African Americans received compared to Whites, there is still a cost to being African American. The way I am approaching the issue of race/ethnicity, is to first write about the economic aspect broadly then reference this as background for a conversation on the unique impact of race/ethnicity. Otherwise, it could become overly long.

gains among high-income families than it does among low-income families. The asset advantage is not only transmitted directly, but also indirectly. In talking about the indirect processes, Pfeff and Killewald (2018) describe it this way:

> *Family wealth may, for example, provide safety nets for investments in human capital, business opportunities, and housing; social capital in the form of access to wealthy peers and potential marriage partners; access to high-quality neighborhoods and schools that facilitate the development of human, social, and cultural capital; or cultural models of investment behavior and preferences. (1415 & 1416)*

As a result, it is as if the wealthy walk around with exoskeleton suits like Tony Starks in the Iron Man movies enhancing everything they do.

When we talk about the income gap or the wealth gap in isolation, they grossly underestimate the size of the opportunity gap poor children have to make up and the depth of inequality in America and across the globe. Most poor children don't face either an income gap or a wealth gap as so often is suggested when we talk about inequality, they face both an income gap and a wealth gap simultaneously. As a result, the chasm between where poor children and where wealthy children start is even larger than usually portrayed. Further, it suggests that neither income nor asset solutions alone are enough, they have to been combined to really solve poverty.

The idea that looking at both income and wealth inequality simultaneously depicts an even more grave situation that the poor face, piggy backs on research conducted by Fisher, Johnson, Smeeding, and Thompson (2017). They look at both two-dimensional inequality (income and wealth) and also three-dimensional inequality (income, consumption, and wealth). They find that in 2016 about 60% of households in the top 5% of the wealth distribution were also in the top 5% of both the income and consumption distributions. Further, they find evidence that both two-dimensional and three-dimensional inequality are rising more dramatically than one-dimensional inequality (i.e., income inequality only; wealth inequality only; or consumption inequality only) and that the most concerning source of inequality of the three is wealth inequality. This suggests that economic inequality is grossly underestimated when researchers look at only one-dimension, which is most all current research, and the poor are in a much more daunting situation than we might have even imagined. Not only that, but the American economic system is in much more of a dire need of redistributive policies (income and wealth, but particularly wealth) in order to save the American dream than originally might have been thought.

IMPLICATIONS

In a previous paper I discussed the narrative that poverty is an income problem and the income first narrative (Elliott, 2022). In it I discussed how it is not that income approaches are not also needed but that they are insufficient by themselves for solving poverty. **While income provides the foundation from which to catapult families out of poverty, assets are the fuel that empowers people to not only move out of poverty but pursue happiness. From this perspective, income and asset policies have to be understood as a single strategy for eradicating economic inequality as opposed to separate strategies for different problems**.[9]

[9] Maybe the most explicit example of combining income and asset strategies is the City of Saint Paul's CollegeBound Boost multi-arm experimental study. This experiment tests the impact of providing quarterly deposits ($250 per quarter over 12 months) and guaranteed income payments ($500/month for 24 months) to low-income families with a CSA. For more information see https://www.twincities.com/2022/06/29/st-paul-basic-income-experiment-500-month-checks-college-money/

Furthermore, while there is a need for policies that develop long-term assets for the poor, it is also clear from this section in order to level the playing field families also need to be able to build and have access to assets for early investments in children's human capital development. Early investments are not only important to children's performance in school (Cameron & Heckman, 2001; Cunha & Heckman, 2008) which is an important way that wealth inequality is transmitted (i.e., through education) from one generation to the next (Pfeffer and Killewald, 2018), but also for labor market outcomes later in life (Votruba-Drzal, 2006).

To build these assets for early human capital investments there are at least a few ways to go. One way is by supporting saving by poor families. One of the hurdles to saving is structural, but programs like Children's Savings Accounts (CSAs) can provide a lot of lessons on how to put in place an infrastructure that facilitates saving among the poor. This has been discussed in some length in previous publications so I will not spend much time on it here (e.g., Cisneros et al, 2021). Another hurdle to the poor being able to build assets for early human capital investments is simply that they do not have much money left over after they pay for their basic necessities. Programs like guaranteed income and child tax credits can play an important role in assuring that low-income families have enough income to save for these needed early investments. However, how we think about what the right amount of guaranteed income is, for example, would need to go beyond current models which attempt to figure out what amount of money is needed for subsistence/consumption. Instead, they would also have to consider what amount of money is needed for families to be able to build assets for the purpose of development, giving them something to live for. Michael Sherraden (1991) in *Assets and the Poor* put it this way,

> *In this light, welfare expenditures would not be viewed as unproductive drains on available resources, but as essential investments in the future. To put this another way, policy would move away from support and toward growth, away from entitlement and toward empowerment. This is not to abandon the concepts of need and charity, but to recognize that full development of the poor is in the best interests of both the poor and the nation as a whole. (p. 190)*

Another option is for the government to provide wealth transfers to families that can be accessed early on for the specific purpose of early investment in human capital development among the poor. I would think ideally it would be a combination of all three of these strategies (a CSA infrastructure put in place, cash assistance programs expanded beyond consumption to include development, and a government transfer specifically for the purpose of development placed into a child's CSA account). One more option is to begin to give schools additional funds to provide low-income children with these human capital investments (e.g., money to take enrichment trips, money for tutors, etc.). In all three cases there should be an option for others such as foundations, philanthropists, and employers to invest in these programs as well. This is one of the advantages to using CSAs, they provide the infrastructure needed to allow families to save, but maybe even more importantly, they provide the infrastructure for third-party investments that can go directly to the child unlike when you give to most charities.

Finally, to allow families to build assets for these early investments, rules around means-testing need to be eliminated or at the very least greatly relaxed so that the poor can both keep existing assets and build new assets while receiving public assistance. I can understand the need/desire to not have wealthy families receive additional government benefits, however, current means-tests are so restrictive they prevent the poor from being able to build assets and thus perpetuate poverty. For example, research indicates that as mean-testing rules are relaxed, the amount of money families receiving public assistance save increases (Powers, 1998).

CONVENTIONAL NARRATIVE

Are institutions or individuals to blame? + Elements of culture of poverty

NARRATIVE CHANGE

Institutions need to take care of their responsibilities, and individuals need to take care of theirs

It is a common narrative for some academics and politicians to blame structural inequality (or institutions) for poverty while others blame the individual. Here I will use a story out of my lived experience to help paint a different narrative. Growing up I knew school was important as a child, but surviving the day took up so much energy and felt even more pressing when it came to deciding what I should act on today, school stuff or survival stuff.[10] I missed 20 to 30 days of school some years and most of those days I could honestly attribute to what we faced as a result of poverty. However, it was also the case that missing so many days made it easier for me and my family to justify me staying home even when it was not poverty related. In a sense, my family and I developed a pattern of behavior around school attendance. Not surprisingly, this pattern of behavior is more common among poor children than it is wealthier children (Garcia & Weiss, 2018). However, this is not evidence that a culture of poverty exists. I, and other poor children are often simply responding logically to our situation, not replicating "cultural" behaviors as suggested by Oscar Lewis (1966). **Importantly, these behaviors were not the cause of my being poor and did not keep me from one day moving out of poverty. Even still, this does not mean that these patterns of behavior do not carry with them negative consequences which can make it more difficult for poor children to move out of poverty.** For example, research shows that missing school negatively impacts school performance (Garcia & Weiss, 2018). Moreover, in common parlance, the distinction between a "culture of poverty" and "patterns of behavior" can be lost and sound more like mumbo jumbo. In the end, I am more interested in the implications of these patterns of behavior that sometimes can form for helping move people out of poverty than I am the academic distinction between them both.

Back to the debate on who to blame. People can point both to where I should have been blamed and do hold myself responsible and where government and institutions should be blamed. Clearly the conditions I grew up in made it more likely that I would develop this pattern of behavior regarding missing school. But the reality was, I still had to deal with this behavior when my economic conditions became more supportive of school attendance if I was going to be able to take advantage of school as a pathway to economic mobility. That is, academics and politicians can spend their time debating what came first, but for me to succeed in my life I needed both the institutional and individual barriers to be dealt with. This also represents another way that barriers poor children face is underestimated. The desire not to blame the poor, which is justified, also can obscure real challenges they now face, not because they are somehow different from or less than their wealthy counterparts, but because poverty impacts what behaviors might appear most reasonable to perform to the poor. Moreover, responding to poverty in a certain way for a long period of time can create habits that present real barriers to poor children being able to succeed.

In the end, we can spend endless hours, and do, debating the question, "what came first the chicken or the egg" or who is most to blame, institutions or individuals. We can find evidence for whatever

[10] My poverty story is certainly not the most extreme story, nowhere close to it. I always had a family that loved me for one. Moreover, my story is not unique, but all too common.

side of the coin we want to take. Or we can simply accept, regardless of what came first, both issues exist in my story, and both needed to be addressed for me to be able to take advantage of the education path. **In one aspect, government/society had a clear role in and responsibility to address and in the other aspect fairly, or not, I then had to address it if I wanted to use my effort and ability to succeed in school.** So, I was going to have to learn to take advantage of opportunity in addition to receiving institutional assistance along the way in order to succeed. Understand, a whole lot of these "bad" habits arise and patterns of behavior form in poor families in the name of resilience in order to survive the day (refer to the introduction regarding how wealthy families also form patterns of behavior that might not be best for succeeding in mainstream institutions). For example, it is much cheaper and more filling to buy Little Debbie cakes than fruit. Poor families are also forced to make decisions on a daily basis based on their present circumstances. Similarly, they have far fewer reasons than their wealthier counterparts to trust in the certainty of their futures.

The how (i.e., whether it was poverty that caused me to miss school or my own behavior) particularly matters to those who want to classify the poor into camps of deserving (i.e., those who cannot be blamed for their poverty) and undeserving (i.e., able boded people who do not want to work). To classify people as the deserving and undeserving poor, it seems you would have to know if the individual is to blame, or the institution is to blame. However, our experiences tell us we currently have institutions and individuals that help to reproduce poverty even if one or the other is ultimately its creator. **If both help to reproduce poverty, then both must help to eradicate it, and the classification of the poor as underserving and deserving is more a distraction from each focusing on their own responsibility. Therefore, I conclude, given the current state of affairs, solving poverty requires institutions (e.g., government) to focus on the part of the problem they have some control over and responsibility for, and it requires individuals to focus on the part of the problem they have some control over and responsibility for.**

IMPLICATIONS

After years of living in poverty it is not as simple as government giving poor people a wealth transfer and everyone who receives it already being in a position to take advantage of it. This is important because it suggests that government policies might not have immediate impact *for all poor families*. Policies that provide wealth transfers (i.e., asset building policies) will likely most quickly/easily impact the youngest among the poor who have not yet developed patterns of behavior as a response to living in poverty. What I am suggesting is that some poor people will also need help getting into position to take advantage of these opportunities when they are presented (certainly others will be ready at the moment opportunity presents itself). This is because some poor people will have developed ways of responding to and surviving poverty that make it difficult to take advantage of opportunities when they arise or even just make it hard to trust that the opportunities are real and apply to them. This really should be clear to asset researchers, particularly in the Children's Savings Account field. Many in the field were in shock and remain in shock when they put in place infrastructures for building assets and add money in the accounts and yet some poor families do not enroll their children, or do not save in response to match opportunities as quickly as they expected.[11]

[11] Certainly, automatic enrollment takes care of some of this and if saving was mandatory and taken directly out of people's checks that would solve even more of the problem. However, it is unlikely and also maybe undesirable to adopt a fully institutional approach to building wealth and so behavior still plays a role even if much less of a role when given access to appropriate institutions.

Given this, we cannot simply tell the poor that government can somehow resolve the part of the problem that exists that they have responsibility for, even though government played a role in creating it in the first place. **As unfair as it is, the poor are left to address the problems that arise in their lives and in their communities as part of their attempt to adapt to living in poverty, when it is these same problems that now help to perpetuate poverty.** What I mean by this hopefully will become clearer in the next section, but I also meaningfully address this in different sections of the paper because I know it is such a hard point for some to grapple with for fear of providing ammo to those who would blame the poor. But I suggest by not acknowledging something many poor people recognize in their own lives and their own communities, actually strengthens those who make this all about the poor so that they do not have to honestly discuss a wealth transfer to level the playing field. Furthermore, by not acknowledging it and setting the narrative with regard to it, even if legislation is passed, we provide them with the opportunity to set the expectations for success. Expectations that do not consider that a wealth transfer will take time to see its full impact on all of the poor given the long history of poverty in America.

From this perspective, institutions, regardless of what individuals are, or are not doing must focus on doing what they are responsible for. The same goes for individuals. Therefore, from this perspective blaming one group over the other should not be part of the policy conversation; both government and individuals have responsibility in helping America become the meritocracy our forefathers envisioned it would one day become. So, when policy makers are sitting down to talk about a particular policy, it is not sufficient to say, for example, government should not consider a wealth transfer because the poor behave in this way or that way. No, government must focus on providing opportunity for all and it is the responsibility of the individual to take advantage of that opportunity once it is provided.

I might also suggest that the help some individual poor people might need, seems to be the domain of practitioners. Therefore, the role of policy in these cases is to support practitioners in helping some poor fulfill their responsibility. So, again, policy and government should focus on their responsibility and to the degree that government focuses on individuals, it should be in response to what practitioners identify as needs for assisting those poor people who need something more to position themselves to take advantage of opportunities a wealth transfer would provide.

CONVENTIONAL NARRATIVE

Poor people only value the present + Elements of culture of poverty

NARRATIVE CHANGE

Future orientation is a luxury owning assets provides the wealthy

While some scholars would tell you that future orientation (i.e., delayed gratification) is something a person is born with and that families are poor because they over value the present, we have to understand that focusing on the present for the poor is a necessity for their survival, a skill they learn over many years. For the poor child, the future is something talked about to help them sleep at night or make it through a day. The future is not something they are connected to through asset ownership and can be expected to act on consistently because of the level of sacrifice it requires for them, a level of sacrifice a wealthier family isn't asked to endure to build assets.

Yes, I know when you went on trips instead of eating out you packed a lunch and stayed at a camp site instead of a hotel. These represent true instances of sacrifice, and I don't mean to diminish their importance, or to suggest that many wealthier individuals do not also work hard. However, the sacrifice of wealthier families and poor families are quantitatively different. **For instance, it seems the poor are required to sacrifice to survive while the wealthy, because of their position in life, are given the opportunity to sacrifice to get ahead.** I can remember my best friend asking me "why do you move so much", "why does your phone number constantly change". Despite my poverty status, he and I went out on any number of occasions and had pizza or ate at McDonalds. He was not rich, his father worked in a steel mill for years as an electrician. When the mill closed, he became the head janitor at one of the local schools. But the difference between him and me, was that his dad's parents gave them a house and so, even when his dad lost his job, they had a place to stay, his parents lived in that house until just recently. His house was located in a community on a hill, close to the wealthier school district that was located next to ours. While I lived at the bottom of the hill in the downtown area of this depressed, small, once upon a time proud steel mill city that was starting to be overrun by drugs. So, his neighborhood also gave him a different perspective.

No doubt his family suffered when his dad lost his job, but they suffered differently than my family did. When my dad got laid off, it meant having the phone shut off again, and moving in the dark of the night once more. Not only did they have a place to stay, to call home, but they also owed nothing on it, so they could leverage it in times of need for loans. They were able to get credit and at a decent rate, also because they had a home. It gave them a certain level of stability which allowed them to plan and think about the future that my family did not have. It also kept them from developing habits that you acquire when you are often evicted, and all your things are auctioned off. My memories are of neighbors telling me they bought some of our things, even pictures. By the time I reached adulthood, I had no pictures left to show my kids, something I regret to this day. They for the longest time thought I was always bald, but then I was able to find a picture of me in the military when I was in my 30's but at least I had some hair then. Or pictures of my mother, my children only knew her after poverty had taken her teeth and she had no money to replace them.

Being human, living among people with stuff, yes, you learn to go to the local Rent-a-Center because who wants to live in a house with no furniture, particularly when you do not see a realistic end to this life of poverty. And certainly, such decisions help make it even less likely that you will get out of poverty any time soon. But just because you are poor does not mean you cease to be human, living in a world with people who have. **I think this is lost on some, that poor people don't cease to be human just because they are poor.** To simply look at whether a person eats out once and a while or has a cell phone, does not mean they are now underserving. Even people locked in prison camps find little ways to escape their environment, little treats to give themselves; this is the stuff that resilience is made of when you are poor.

The future orientation lens is a luxury for those who have enough money to make it through the day along with assets that connect them to their futures. This is not to say the poor do not value the future, in fact there is plenty of evidence that they do (see Schreiner & Sherraden, 2007). But the poor often do not have the right economic conditions or institutional supports to act in ways consistent with their futures, at least the price is very high to do so, and the support is very little. **Most of the time surviving today requires all of their focus and resources. We should not be surprised then, that poor people are more likely to act in ways that are present oriented and appear to struggle to delay gratification.** I must also say the term delayed gratification seems disparaging in the case of the poor who are often choosing to buy food and pay bills over saving for college, for example. Furthermore, the decisions the poor are forced to make which are too often portrayed as being shortsighted, seem to be the same type of decisions some politicians claim are rational and right when it comes to paying the country's deficit today instead of investing in the futures of the children of America today, just a thought.

Evidence shows poor people spend most of their money (75%) on necessities such as food, transportation, rent, utilities, and cellphone service (Gennetian, Conwell, & Daniels, 2021). This does not even include expenses related to raising a child such as school related activities, and yes even money for recreation. However, because they have to spend so much on basic necessities the fact that they sometimes do not save or save very little is not evidence that they were born present oriented or that they value the present over their futures or that of their children. It is just that their current economic circumstances demand that they emphasize the present, not doing so comes at a very high cost. It is also important to acknowledge, while necessary to spend everything you earn to survive on a regular basis, the habit of spending everything you have does not simply vanish for all poor families if economic circumstances suddenly change. **I lived in poverty for over 20 years, I didn't just wake up one day and suddenly begin making, in particular, financial decisions based on my future or my family's.** This is where institutions like a 401k plan, life insurance, or Children's Savings Account programs, for example, can play an important role in helping provide the conditions (e.g., automatic enrollment, direct deposits, restricted uses) that make acting in accordance with the future easier for poor families who have had years of experience with spending as a way of survival.

Similarly, it is not just the case that habits that were formed over decades in some cases do not cease to be engrained in you in a day. Being poor can result in you looking at your future as being uncertain. I often tell the story of graduating from my PhD program in three years, which is very uncommon. I felt compelled to graduate so fast, at least in part, because I always felt something would happen and I would not get to the end. Understand, I had experiences which provided me grounds for believing this which also made it hard for me to challenge the feeling that the future for me was uncertain. For example, when I was in law school, my family was evicted from their house, and I had to drop out of school and enter the military to help out. You don't automatically erase all of the many experiences you had growing up as soon as you get money or are given access to institutions for building assets. If I am honest, despite all that has changed in my life, I have to get up every day and fight these engrained ways of thinking. **You can see how patterns of behavior can come about, and how they can continue to persist even after economic circumstances change.** You can also see, why in addition to income and asset policies, financial education is also needed. With regard to poverty, at least, and how it stains the inside of you as much as the outside, my hope for ending it as a part of my family's history is in my children who have had a very different set of life experiences.

Years of poverty can also generate in some poor people an almost lust for material things they have grown up seeing others have and when they get money, they overvalue these things and feel compelled to purchase them right away and sometimes in excess. This brings back memories of when my family and I would go longer stints without eating much if anything at all. Sometimes this would extend over a number of days. Then we would come into money, and we would hurry down to a local restaurant. We would with outsized excitement wait for the food to come and when it got there, we would just start eating as fast as we could, and it always tasted so good. When we get together, we remember some of those moments and laugh and think of what the people watching us must have thought. The point here is, it is also not evidence that the poor are born present oriented when evidence is presented that poor people who come into money often end up back in poverty. When some poor people finally get money, they may lack moderation and over prioritize satisfying their current desires over their futures. The tendency of some poor people to prioritize their present desires over their futures were likely developed in response to years of being in poverty and dreaming of one day being able to buy a home, a car, or even sit at a restaurant and eat. Again, even though the root cause for these behaviors is structural inequality, the poor are still left to overcome the obstacles they now face because of having to live for so long in these conditions. **If it was only a week, a year, or even several years that people were forced to live in poverty but when it is all of your childhood and a portion of your adulthood, these habits become deeply ingrained in the psyche. The memories of these experience don't simply vanish because you now have money or are given access to an asset building infrastructure.** But it will be hard for the poor to begin to address these issues until the government does its part and restores balance in the economic system.

I must end this section with something many of us have seen if we have children. While they are not born present or future oriented, they also are not all born with the same predispositions. I should also add, the narrative that poor people are born present oriented, also pretends that all people with wealth are born future oriented. Stereotyping the poor as being born present-oriented is simply a way of denying that institutions and access to resources matter. My children had some lean years but have lived most of their lives squarely middle-class. My wife and I did not have children until I was in about my mid-thirties and while my oldest and middle-daughters were alive when my wife and I went bankrupt while I was a taking my masters, they were very young. Moreover, they certainly did not spend years in poverty. Even when we went bankrupt there were guard rails around us (university provided us with certain supports, even professors stepped in), so it felt nothing like when I was a child, not all poverty is the same. This is just to say my children did not grow up poor. Despite not growing up poor, my oldest daughter (college sophomore) sees money, spends money it just makes her feel good. My middle daughter (high school senior) is somewhere in-between, and my youngest son, you have to pry money right out of his grubby little hand (high school freshman).

The average American has seen this in their own children (poor, middle-class, or rich), and so when politicians or academics do not acknowledge this and talk about this reality the normal American experiences, everything said becomes questionable (fake or disingenuous). At the very least, narratives which attempt to paint the poor as somehow being born present oriented resonate with them on some level, they say in their mind "yeah, that is true". However, even though my oldest daughter clearly has a predisposition for spending money, because she has grown up with a savings account (short-term, mid-term, and long-term account), has been going to the bank to deposit money from a young age (even though small amounts), has had a checking account since she has been old enough to have one, has a bank card, etc., while she runs through her pay checks, and the short-term money she sets aside, she knows that her long-term account is just that, for her future and should not be spent. This why how you grow up, modeling of your parents, institutions you have access to, money you have available to you, etc. matter for determining how you think about the future. Being born with a predisposition is not fate, but it also does not mean everyone is the same either.

IMPLICATIONS

Assets provide children with the resources needed to begin planning for their futures. When children have assets of their own, they can begin to visualize their future selves going to college, buying a home, starting a business, or retiring one day. Nurturing our children's future selves is important for motivating them to invest their effort and ability into the American way of life. Dreams buoyed by well-funded asset policies (e.g., large dollar Children's Savings Accounts) allow a child to withstand hardship whether it be poverty, war, or even a pandemic.

Further, in order for policies that provide wealth transfers (e.g., Baby Bonds, Free College) to have their intended effect on the largest number of poor people, these policies also have to consider poor families' financial capability. According to Margaret Sherraden (2013), financial capability focuses on an individual's financial literacy, financial access, and financial behavior (also see Johnson & Sherraden, 2007). In doing so, financial capability emphasizes an individual's financial knowledge and behavior along with their structural environment. As such, financial capability does not reside solely in the individual, the institutional setting also plays an important role in determining financial functioning (i.e., how well they spend, save, invest, etc.).

Level of financial functioning is important to the success of wealth transfers as a policy strategy for increasing opportunity. For example, even when poor children manage to qualify for admittance and graduate, a college degree does not reward them in the same way it does higher income children because they too often lack the financial knowledge, skill, capability, and store of money needed to turn their degree into financial functioning in the same way that their wealthier counterparts can. Research shows college graduates from low-income families start their careers earning about one third less than college graduates from higher income families (Hershbein, 2016). Policies that only consider wealth transfers ignore the individual component captured in financial literacy as well as the broader institutional context captured in financial capability. These factors help determine financial functioning (e.g., how well they spend, save, invest), which plays a role in the ability of children to leverage wealth transfers to build more wealth (Huang, Sherraden, Sherraden, & Johnson, 2002) as well as improve health outcomes (Sun & Chen, 2022).

Mandell (2006) finds that middle-school students exposed to a financial literacy seminar received substantial benefits, with the largest gains in financial knowledge accruing among the youngest students. But the effects of financial literacy programs in high school are less positive; for example, Peng, Bartholomae, Fox, & Cravener (2007) and Mandell & Klein (2009) find no long-term effects of taking a financial literacy course in high school. However, relatively few financial education interventions target students before high school (McCormick, 2009). This suggests financial capability programs should start when children are young.

However, I suggest that financial capability as a theoretical construct may undervalue the important role that starting with a store of assets (i.e., initial assets) plays in financial functioning. The need for wealth transfers has already been discussed but this is a slightly different rationale for why wealth transfers are needed. If we really want poor children to be more likely to identify as college goers, for example, we need to change their lived experiences, so they better align with a future as a college goer. That is, learning by doing. But to be able to learn by doing you not only need access to institutional structures, but you also need to have a certain level of assets to start. For example, assets allow people to take necessary risks for building additional wealth (Sherraden, 2001). Moreover, the level of assets you start with also impacts how successful you will be at building additional wealth (Elliott, Rauscher, & Nam, 2018). Success builds a strong sense of financial efficacy (Bandura, 1997).

Furthermore, financial capability as a theoretical construct may underestimate the psychological state that children enter financial literacy classrooms in, a topic described earlier in this section and one that I will spend additional time explaining later in this paper. To address the psychological state of children from some poor families, practitioners might need to adopt a Solution-Focused Brief Therapy (SFBT) to teaching financial literacy (see Elliott & Kim, 2013). While it is outside my expertise to provide a definitive answer here as to what the specific intervention should be, it appears in order to have the most success for the most children, there should be a way for these classes to account for the psychological state that some poor children enter the classes in.

CONVENTIONAL NARRATIVE

The wealthy have better outcomes; they must work harder than the poor

NARRATIVE CHANGE

Society has unreasonable expectations for poor children that asks them to act irrationally

Narratives that suggest the success of wealthy children and the failure of poor children is evidence that wealthy children work harder than poor children ignore their starting points. In order for children to sustain effort, and work towards an identity of themselves as a college goer, for example, they have to have access to resources and strategies for addressing barriers they may face related to attending college. Oyserman and Destin (2010), put it this way, "identities reflect what seems possible for oneself in a particular historical, cultural, and sociological time period" (p. 1004).[12] Children are put in the best position for acting in accordance with their future selves, when the current self and future self feel connected (Hershfield, Goldstein, Sharpe, Fox, Yeykelis, Carstensen, & Bailenson, 2011). **The more the current self is perceived as being connected to the future self (i.e., the bigger the overlap) the more reasonable it is to expect children to act in ways that align with their future selves.**

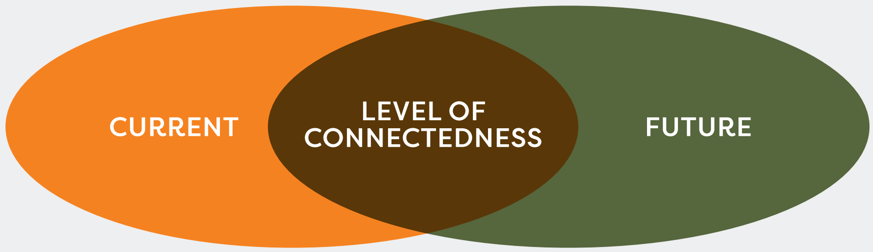
This is the case for wealthy children. **The wealthy child's current self provides them with strong grounds, validated through lived experiences, for believing they will get into a college and have the money to pay for it when the time comes.** Such everyday experiences as their parents paying for a tutor when they struggle in a class, taking them on trips to other countries, buying clothes, etc. validate their belief that they will be able to pay for and attend college when they reach college age. It is not a stretch for them to identify as a college goer. In contrast, the more ***unalike*** the future self is from the current self and the experiences that help make up the current self, the more delusional a poor child must be to act in alignment with their future self.

DISCONNECTED CURRENT AND FUTURE SELVES

While the narrative in America is that poor children can become doctors, lawyers, engineers, and CEOs if they work hard and have the ability, the environments they grow up in do little to signal that their current self has any connection with any of these possible future selves. That is, their lived experiences provide them with little reason to believe that who they can become simply through the use of their own effort and ability will be any different from who they are today. Importantly, and problematically for the poor, lived experiences are one of the most important and common ways that people learn (Bandura, 1997). **Given this, what our current social welfare system in America unfairly asks, in fact demands, of poor children is that they ignore what their daily experiences have taught them about what is possible.**

[12] Daphna Oyserman is one of, if not the leading scholar on Identity-Based Motivation theory. To learn more about all of her work on the topic go to her home page at https://dornsife.usc.edu/daphna-oyserman.

DISCONNECTED CURRENT AND FUTURE SELVES



We do not expect the same of wealthy children; that is, we don't expect them to ignore their lived experiences. The experiences of wealthy children are connected to the futures they imagine for themselves. The experiences they have even go a step further and actually help propel them toward their future selves making them feel almost like they are destined to achieve their future selves. So, we should not be surprised that wealthy children more often succeed in comparison to poor children even when they put forth less effort and have less ability.

From this perspective, society has unreasonably set expectations for poor children that require them to act irrationally (i.e., in contrast to what they experience) in order to move up the economic ladder. The lived experience of the poor child tells them they are unlikely to be able go to college, buy a home in a nice neighborhood, or retire comfortably one day simply by working hard. This is not the 1860's, you cannot simply give a person a piece of land and expect them by hard work alone to be able to compete and maximize their return on the land. Today, you have to have access to sophisticated farm equipment, market knowledge, infrastructure, product knowledge and more to compete in the farming industry. While required, effort is no longer enough.

Given that poor children's lived experiences align better with becoming an athlete or entertainer, society should also not be surprised when poor children are more likely to identify with the athlete or entertainer. When I say aligns better, I mean when they look at what it requires to become a basketball player for example, what do they need, a basketball hoop and a ball and the willingness to work countless hours to be the best.[13] Moreover, when they look at the basketball player, for example, if they are poor and black, they more often than not see someone like them not only in race, but in socio-economic background. Dr. Daphna Oyserman and her team would tell you that children are more likely to form an identity as a college goer and act on it, for example, when children perceive people like them go to college (e.g., Oyserman & Destin, 2010). **Also wrapped up in this identity for a poor child, is often the feeling that they are responsible to one day lift their family out of poverty. It is an unfair burden and unrealistic, but something a good number of poor children experience.**

I still regret at age 52 not being able to "deliver" my family out of poverty. When my dad died a few years ago I just went into a quiet place and cried, and the thing that kept going through my mind, I failed him. See, his death meant I would never be able to provide him a different life, different experiences. I watched this man suffer, be discriminated against, and yes work very hard but never be able to give to us what he so desperately wanted to give us. That is, what he saw other dads being able to give to their children, their wife. (**Pause:** this is a lived experience that poor children all too often have in one form or another, seeing someone they love work so very hard and that work not be rewarded. This very real lived experience shapes their understanding of the role that

[13] I am fully aware that now a days even sports are becoming something for the rich with needing to have private coaches, travel leagues, having to buy equipment, etc.

work plays in success for people like them, and how they understand what is possible in the future.) I get tears in my eyes just writing these few sentences. And yes, I know this is not the story of all poor children but who has not watched a sporting event and heard an athlete tell this story, it is not just my story but represents the story of too many poor children.

The love poor children have for their families (whether it is a parent or a grandparent or other) is not born out of them buying them things. You have to understand it comes out having suffered together. From having pushed your appliances on a dolly through allies in the dark of the night, hoping police will not mistake you for a thief. Sleeping on your neighbor's floor together or living in a hotel room for months and the memories go on and on. This love is also born out of the American spirit of valuing work. That is, from having seen your parents work so hard to provide you what you needed in life, fail, and just continue to put their head down when the deck was visibly stacked against them. It seems reasonable under these circumstances for some poor children to want to give their parents a better life, even if their parents don't ask them to. If you think saving the people you love from poverty is important, you may choose the path that is more likely to provide you with the best opportunity to have enough money to do that, even if the odds of success are low. Having the slight possibility to deliver them out of poverty outweighs for some the thought of not being able to deliver them at all. Even if taking a different path means a better chance of your own success. In some respects, it is similar to the person seeing another person drowning and deciding to jump in to attempt to save them even though the waters are such that the odds are you will drown. We applaud this decision, why wouldn't we applaud the poor child who wants to save their family from drowning in poverty even when the odds are not in their favor?

So, if an identity does not provide some poor children (not all poor children for sure) the opportunity to be able to provide enough money to deliver their families, it can reasonably appear to them as less desirable. And while society likes to tell poor children the odds of graduating from college are much higher than playing sports, what are the odds of graduating college and getting the kind of job that allows you to buy a home for your parents? The point isn't that poor children shouldn't identify with going to college; the point is, living in their world it is not as clear cut as people want to make it seem, as clear cut as it is for wealthy children who do not have the burden of providing for their parents. It is easy to blame poor children for the decisions they make, however, society needs to recognize that these are very difficult decisions for very young people to make. The solution is not to blame the poor, it is to create a social welfare system that provides poor families with an opportunity through their own effort and ability to move up the economic ladder, making the decision-making process easier for poor children.

IMPLICATIONS

America needs social welfare policies that provide poor children with lived experiences that align better with society's normative expectations for them (such as attending some form of postsecondary education, opening a business, developing a new innovation, serving in the military, and so on). This requires policies that address poor children's presents and their futures. The present is the domain of income, and the future is the domain of assets. Policies like guaranteed income and child tax credits can make a major difference in changing the day-to-day experiences of both poor children and their families. Income ensures that families can pay their bills, buy food and clothing. Complementing income policies, asset policies play an important role in making the connection for poor children between their current selves and their future selves. This is because assets are stored money for the future self to spend. As such they bring the future self into clearer focus allowing children to imagine themselves paying for college, buying a home, or retiring, for example. Simply put, assets connect the current self to the future self in a tangible way.

CONVENTIONAL NARRATIVE

Poor people have formed a set of values in response to their economic circumstances that perpetuates poverty across generations (i.e., culture of poverty)

NARRATIVE CHANGE

Poor children are often simply responding logically to their situation, not replicating "cultural" behaviors

For me, my experiences living in poverty and watching my parents work so hard but never get ahead gave me what I called a "forget you", mentality.[14] I guess some academics might call this resilience, but it was and is, a much rawer kind of motivation. Over my academic career I have pored through social psychology theories to try to find something that could explain my motivation and behavior and other poor people's like me. I have looked at things like self-efficacy, hope, locus of control, perceived control, resilience, and many others. But none of these theories really seemed to capture what I thought was truly representative of my response to living in poverty. Most of these theories, while they talk about the impact of environment, the theory itself applies only under conditions of meritocracy. For example, in explaining why self-efficacy does not appear to influence earnings, Duncan and Morgan (1981) suggest that self-efficacy, as currently used, applies best to privileged groups, "A possible reason for weak attitudinal effects is that we are taking a theory that applies to a small group of people at the margin with real choices and opportunities and testing it on a whole group, many of whom may be totally constrained by environment and circumstances" (p. 655). It was not as though I felt uninhibited, restrained only by my ability, effort, and imagination. Instead, it was born out of a kind of anger in response to having lived experiences that made it clear to me my effort and the effort of people like me was not always rewarded equally. (**Note**. You can see how this is a type of anger toward American institutions because they wrongfully assert that effort and ability lead to success when they often do not in poor people's lives.)

Recently, I have come to understand that my response when I feel institutions or people of privilege are not responding fairly to my use of effort and ability, is born out of anger. It is anger with the system, and it triggers a "forget you" mentality in me. I used to try to think of myself as someone who saw the world as though the glass was always half-full. I am just overly optimistic or delusional about what I can accomplish through my own effort and ability, exceptional. But my motivation had nothing to do with hope that tomorrow would be better, it was about my present. I knew very well my and my family's futures would likely not be markedly better than our present, see we had for years said next year would get better, and then it wasn't year after year (i.e., lived experiences taught and confirmed this to me). So, then, why did I continue to persist, to fight? Because it ceased to be about winning, it was about the fight, pushing back against those who said I was not good enough. I would say to myself, "You think world, you are going to break me, no I am going to respond to every blow with more effort for no reason

[14] This is the softer, gentler version of "F You". It is an expression of disbelief with society and its response to my family's and my own use of effort and ability not being rewarded equally. It is disbelief with institutions not living up to their responsibility and promise. I have to point out, in me, this feeling is not purely about my experiences with poverty, race also plays a role. However, this is a topic of a different paper that will hopefully be written soon.

other than just so you cannot say you beat me, forget you." **I knew very well it was not a fair fight and the deck was stacked against me, and failure was as likely, if not more likely regardless of how hard I fought.** And so, to everything I simply responded with more effort, I continue to do this until this day when I feel as though my effort is in question.

Not all poor people respond the same, there are many different responses to coping with the trauma of being poor and all that it brings. My sister, spent much of her teenaged years in her room rocking back and forth with her legs crossed, rocking until her ankles would bleed. While not healthy, as many responses to poverty are not, I would also suggest this is an equally reasonable response to the trauma that poverty unleashes on the poor. The problem with these ways of coping, while they enable you to survive today, in addition to the health problems too often associated with them, they do not exactly equip you to be successful in mainstream society. In fact, they may even provide grounds for mainstream society to look on as though you were born with a different temperament or raised with a different set of values, not that you were simply responding to your circumstances in the best way you could figure out given the limited resources at your disposal.

Like the skills soldiers learn to survive in war, the tools the poor are able to construct to enhance their ability to fight poverty do not always translate well to success in mainstream society. When a poor person is removed from poverty and thrust into a mainstream institution like schools and they respond in school with a "forget you" mentality, it is easy for the poor person to perceive every failure by the school as an attack on them. And when they respond with the "fight" instinct, mainstream institutions can end up labeling them as an antagonist, or an angry black man or woman, for instance. Some poor people are able to channel this instinct to fight and use it as a source of energy. I can remember when I was accepted into the PhD program at the Brown School in Saint Louis, a professor made sure to greet me by saying you did not deserve to get into the program. On some objective criteria, I am sure he was right. But I responded to it with the "forget you" mentality and would be seen reading articles as I walked through campus. It made me work even harder because "forget you". While I am not sure I will make it to the end, "forget you" any way. Not everyone can harness the "forget you" mentality as a kind of motivation, it is not easy and comes with consequences. **We want and need our children to grow up with belief in our institutions, belief that their effort and ability are rewarded equally and the American dream lives on.** This is not only good for the individual but for maintaining our form of democracy.

IMPLICATIONS

I appreciate and don't disagree with the importance of talking about the poor from a strength's perspective or in terms of resilience, for example. However, we also must talk about the fact that the tools the poor are forced to create because they don't have access to the resources of wealthier families, can come at a cost to them, and often don't translate seamlessly into mainstream society. **Understand these tools were created to survive poverty not for the purpose of thriving in mainstream society.** The policy and practice implications are that we also have to be able to speak honestly about the negative side of some of the tools the poor create in response to poverty when it comes to their health, but more directly related to our current conversation, to positioning them to be able to succeed in mainstream institutions and economies. **It is truly amazing that they have created some of these tools and have managed to survive the horrors of poverty, it reflects the strength of spirit that many poor people have, as well as their creativity as humans. However, it is a failure of policy that they were not given access to tools already in place and designed specifically for succeeding in mainstream society.**

For a long time, I thought of theories like self-efficacy and other social psychology theories as being part of the problem. They were part of the problem because they assumed America was a meritocracy and thus became tools for blaming the poor. And while they clearly have been used by some to blame the poor, really it was only in the writing of this paper, I for the first time, realized these mainstream theories were not necessarily wrong for assuming a meritocracy. As Americans, we are supposed to be able to assume institutions treat everyone equally. **What is wrong with the American social welfare system is that it has not delivered on the promise of a meritocracy. Poor children, like wealthy children, should be able to act from an empowered position. Wealth is empowering because it gives people the ability to purchase or have access to tools humans create to enhance their ability to perform tasks. When an individual is given access to wealth and all that it brings in a capitalist society, they are empowered to use their effort and ability to determine their own success or failure.**

Furthermore, while the "forget you" mentality may be a strength that some poor people form, it does not enhance their effort or their ability. It gives them the necessary motivation (anger against the establishment) to continue to use their effort and ability when the odds for success are long, if not impossible. You can see where the poor would need such a tool to survive in their environment. This strength they have formed in the baptism of poverty allows them to be resilient, in hopes that one day they will be the recipient of a random act of charity that gives them access to enhancing tools.[15] Because they had that "forget you" mentality, they will be more likely to be able take advantage of that opportunity when it arises. However, they cannot be confident that such acts of charity will occur because they are random, not institutionally prescribed. Therefore, they cannot be confident in their effort and ability being determinative of whether they succeed. For them, the "forget you" mentality is a more reliable source of motivation than I Can Do which only is available when the person perceives that they have the necessary access to resources needed for performing the task successfully (see Bandura, 1997). **The implication for policy and practice is, we want all Americans to be able to trust they will have access to the enhancing tools humans have created and form strong I Can Do beliefs which better align with the American ideal and inspire strong faith in American institutions.**

[15] You can see how if things feel so random, so reliant on charity to succeed, that they can form a way of thinking that says if everything is a long shot in my life, then am I any worse off taking a shot at the lottery, or even a shot at becoming an athlete or entertainer. Yes, they are long shots but pretty much everything is without access to wealth. So, a pattern of behavior forms of taking long shots. Of course, this does not mean that they cannot simultaneously value work as a way to achieve desired outcomes. The context will likely have a lot to do with which informs action.

Conclusion

After studying economic inequality for more than 15 years now, I cannot tell you how many times someone, in one form or another, has told me shush, the poor can wait. Every time I am told this, I have a visceral response. Sure, if social policy change takes 50 to 100 years and you and your family are doing well, then this might seem tolerable, like a fair exchange. Further, if we get infrastructure put in place for programs like CSAs, but are told the wealth transfer comes later, that might be acceptable for the non-poor, but it is not acceptable to the poor. We don't respond this way when we as a country see our national interest threatened by war across the globe. We are able to quickly respond with emergency funding, but not only by providing money we move massive amounts of equipment and sometimes people into these war zones because we understand people's lives hang in the balance and time is of the essence. We have the money, we have the capacity, now we need the will, the sense of urgency.

To gain this sense of urgency and the inability to tolerate another word of just wait, we have to realize that the poor in America are at war (**Note**: all too often the streets they live in also include shootings and killings and resemble battle fields). This war requires the same level of urgency as if someone was attacking America or one of our allies. Poverty weakens us as a country, it makes us susceptible to outside influences as people grow weary about the righteousness of our institutions as a result of economic inequality. The weakening of our trust in our institutions because of economic inequality, makes us more susceptible to questioning the righteousness of our institutions with respect to even our elections. A prosperous people who feel like they can use their effort and ability to determine their outcomes are less likely to be influenced by outsiders and even politically motivated (which has become synonymous with being self-interested) radicals within. We need to act as though a foreign country has invaded us and come together as a United States, rallying all the resources we have to fight this invader, destroyer of civilizations. If a country were to invade us or our interests, we would not say wait fifty years and then we will provide resources for the fight, no we would arm our people that very day with no thought of the expense only what it would take to win. We would understand it as a fight for our very existence as a people, uniting us behind a common purpose. Poverty threatens our democracy in one of the most dangerous ways, it threatens our belief that America is still a land of opportunity, and how hard you work determines your own success, not your position in life. The fight against poverty can wait no longer.

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