



1993

Causes of Poverty in Chicago

Angela A. Smith '96

Recommended Citation

Smith '96, Angela A. (1993) "Causes of Poverty in Chicago," *The Park Place Economist*: Vol. 1

Available at: <http://digitalcommons.iwu.edu/parkplace/vol1/iss1/9>

This Article is brought to you for free and open access by The Ames Library, the Andrew W. Mellon Center for Curricular and Faculty Development, the Office of the Provost and the Office of the President. It has been accepted for inclusion in Digital Commons @ IWU by the faculty at Illinois Wesleyan University. For more information, please contact digitalcommons@iwu.edu.

©Copyright is owned by the author of this document.

Causes of Poverty in Chicago

Abstract

Chicago is one city that has been hit hard by poverty. It has lost much business and industry, it has lost much of its middle-class population, and it has experienced an increased crime rate.

Editor's Note: The following four short essays were written by students in a Freshman Seminar course taught by Dr. Seeborg in the fall of 1992. The course dealt with issues related to race and poverty.

Causes of Poverty in Chicago

by

Angela A. Smith

Chicago is one city that has been hit hard by poverty. It has lost much business and industry, it has lost much of its middle-class population, and it has experienced an increased crime rate.

Several systemic problems have contributed to increased poverty in Chicago, making it nearly impossible for the urban poor to escape the cycle of poverty.

One factor contributing to increased poverty is the lack of willingness by financial institutions to reinvest in black communities, especially poor black communities. When black businesses or neighborhoods are destroyed by a natural disaster or civil unrest, they often are never rebuilt. This contributes to a lack of jobs in these communities.

America's poor also are suffering at the hands of big business. Those who live in government subsidized housing are often displaced by what is called "progress." When a housing project is demolished to make way for a new building, the new building usually is an apartment complex intended to house non-welfare recipients or some other structure like a sports stadium. Construction of the new Chicago Stadium on the city's impoverished West Side, for example, will displace the poor living in the area.

In many ways, the federal welfare system has helped to perpetuate the cycle of poverty that has trapped so many of the nation's poor. According to Daniel Bassill, executive director and founder of Cabrini Connections, the welfare system is very "unuser friendly" and in many ways it "makes people cheat" in order to get by.

It is a system that does not allow welfare recipients to have assets—one must be financially broke to receive more aid. Gary Guichard, a Cook County public defender, notes the unfortunate effects of this policy with the case of a woman who was criminally prosecuted for welfare fraud because she saved money for her daughter's college education. This is just one example of how the welfare system discourages initiative and limits the ability of individuals to break the cycle of poverty.

The problems of housing and welfare are closely linked. Social worker Lynette Thomas points out that the Chicago Housing Authority (CHA) often subsidizes "substandard housing" for the poor. In many cases, the CHA is paying the bulk of a \$500–\$600 monthly rent for apartments with no hot water or heat.

The reality of poverty hit me very hard when I witnessed inner-city conditions in Chicago as part of a freshman seminar course on "Race and Poverty" that I took last semester at Illinois Wesleyan University. Looking at all the decay and deterioration it is easy to understand how most of us pass by these areas and are unable to see past the rubble. We don't see that what is now the empty shell of a building was once, perhaps, the dream of a young entrepreneur.

This environment also limits the viewpoints of those who live in poverty plagued areas. They often are unable to see much hope for themselves in terms of escaping their impoverished neighborhoods.

When one is surrounded by ruin and hopelessness, it becomes difficult to see much else.

Race and Poverty

by

Tim Culbertson

The inner city has suffered in the second half of the 20th century. Business has moved out, crime has proliferated, and the only people left in the inner city are the poor.

The debate over the causes of and solutions for inner-city problems are a leading topic in domestic policy discussions. Theories about the cause of inner-city poverty tend to belong to two schools of thought.

The structuralist theory argues that poverty is a result of the system—the poor underclass has no responsibility for their own poverty. For example, blacks who formerly lived in areas now considered ghettos had middle class incomes so they were able to own and maintain homes. When middle class blacks began migrating to the suburbs, they sold their homes to others who were not as well off. These new homeowners were affluent enough to own homes, but did not have enough disposable income to provide for proper upkeep of their homes and neighborhoods, which began to deteriorate.

The neoclassical school, on the other hand, criticizes welfare and other government aid for the poor, arguing that such social programs are undesirable since they tend to undermine the incentive of recipients to work and save money. Under most benefit programs, recipients are penalized for earning additional income. For example, a welfare family might have benefits removed on a dollar-for-dollar basis if the head of household earns additional income. There is really no incentive for working if the same amount of money can be gained without getting a job.

While the welfare system does encourage freeloading, it also is true that there are few work opportunities in the inner city. As inner cities decayed, there has been a lack of capital for reinvestment. There is simply no interest in rebuilding the inner city—money moves to the suburbs and never seems to come back. Jobs follow the money. Most jobs remaining in the city are held