

# **Differences That Matter**

*Social Policy and the  
Working Poor in the  
United States and Canada*

**DAN ZUBERI**

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Marta Höckert, 1908–2002,

who taught me that loving and caring

are the most important things in life.

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# Differences That Matter



Vancouver Skyline



Seattle Skyline

## CHAPTER 1

# Introduction

*It is 5:30 a.m. on an early spring morning in the Pacific Northwest. Pigeons mutter, squawk, and whistle outside bedroom windows on Capitol Hill. One hundred twenty miles to the north, the sun hits the peaks of the North Shore mountains as the first buses carry drowsy passengers on their way to work. In Seattle, Washington, and Vancouver, British Columbia, delivery trucks roll down largely empty streets as the workers on the morning shift prepare for the new day.*

*Both cities are carved out of the Pacific Ocean rainforests—flourishing in frequent misty rains—in valleys surrounded by towering snow-capped mountains. From the frontier beginnings of these cities, the forest—in shades of green from emerald to olive—has defined their development and life. Living amid the forest and mountains, the residents of both cities enjoy a wonderful quality of life compared to many other North American urbanites. Seattle and Vancouver, thriving postindustrial mid-size global cities where east meets west, are often on the cutting edge of urban development.*

Sujita Hassam and Karen Hsu are ethnic minority immigrants who work for the Globe Hotel<sup>1</sup>—a major multinational hotel chain—in Seattle and Vancouver, respectively. Their stories illuminate some of the major themes of this book. They work at the bottom of the labor markets of each country, in jobs that offer few rewards, for a firm that straddles an international border that sharply demarcates two contrasting social policy regimes. The United States, with its comparatively weak welfare state and laissez-faire tradition, and Canada, with its history of strong safety nets and interventionist social policy, offer divergent contexts through which the working poor must navigate.

### **Sujita's Story**

Sujita Hassam is a forty-one-year-old ethnic Indian woman who moved to the United States from Fiji in fall 2000. As she described it to me, life in Fiji was fraught with difficulties and hardships. After finishing high school, Sujita

Hassam went to work in a garment factory where she labored under difficult conditions in order to make ends meet: “I didn’t go on to university because my father was very poor,” she told me. “I was getting like \$1.45 per hour and every week we get the wages, a check, [for] \$50 per week. It was very hard for us.”<sup>2</sup> (In this book, all dollar amounts are presented unconverted in the currency of the hotel worker’s current residence, unless otherwise noted).

After working at the garment factory, Sujita Hassam began a new job as a cashier for a clothing store, earning only slightly more money than in the factory: “I was getting \$1.60. When I was cashier in the shop, I was getting there like one week \$70.” It was not enough for her to make ends meet.

No it was not enough [to pay the rent and expenses]. But we have to think about the money. We just get the wages, we think about the money, and then we think if we want to buy food, clothes. Then we have to go to shop. . . . if we think anything nice, we want to buy, we cannot buy. We just think about that and come home. We just think a lot for the food.

Although she now laughs at the memory, Sujita Hassam spent five years working under these conditions to help support her family. During that time, her mother passed away and her father became ill. Because Sujita Hassam was single, she became the family matriarch, caring for her sick father and helping to raise her brother and sister-in-law’s children, with whom she lived. “It was very hard for me,” she said. Many of the immigrants working in the hotel industry in Seattle and Vancouver faced similar difficult economic circumstances in their home countries, before immigrating to North America.

One day Sujita Hassam met Rajiv Garithamy, a Fijian-American man of ethnic Indian background who was vacationing in Fiji. They soon fell in love, and he asked her to marry him and move to the United States—to California, no less—to be with him. It was a dream come true; a dream long deferred and finally given up on after thirty-eight years of matchmaking for others. Her first few months in California were wonderful. “It was really pretty great. It was very pretty. I like it.”

During the first few months of their marriage, Sujita Hassam noticed that a Mexican woman frequently visited. When she asked her husband “What is this? He say, my friend my friend.” Then, “one day I went to find a job, I stay my husband’s sister’s house. I said [to him] I’ll not come back [tonight], I’ll come tomorrow. But when I came [to] my apartment, I saw my husband was with her in my bedroom.” Rajiv Garithamy’s sister broke the news to her “that day, I catch him”; she discovered to her dismay that he already had a wife. “He was already married, and he did not tell me he got two kids. . . . He told me nothing. He had two kids, one was 5, one was 10.” When she asked his sister why she had supported their marriage when she knew her brother was already married,

Rajiv's sister told her, "they [his family] do not like her, then we marry with an Indian girl we like." They told her, "And we thought, you gonna marry, then he gonna leave her. She [Rajiv Garithamy's sister] thought he will leave her, but he never did." Rajiv Garithamy's family wanted him to marry an ethnic Indian, and so he had kept his first marriage a secret. Sujita Hassam's discovery brought the whole world crashing down on her shoulders.

Angie Makora, a friend from Fiji who lives in Seattle, encouraged Sujita Hassam to move up the coast and marry her brother—Amit Hassam—whom Sujita had met in Fiji ten years earlier. Five months before we met, she did just that. After marrying Amit, Sujita Hassam found part-time work at a very difficult machine-operator job in a Tacoma-area factory where her new husband also worked. "Oh it was very hard job," she recalled. "Everything do with the machine. Cut every kind of rubber and everything. Press things and everything they use in the roofs." She earned \$8 per hour for her labor. Her husband continues to work at the factory and also works a second part-time job in a school cafeteria as a custodian. His sixteen-year-old daughter, Maureen Hassam, who joined him in Seattle from Fiji two years earlier, is currently a student at Rainier Valley High in southeast Seattle, where many other hotel workers who I interviewed in Seattle live. Many immigrants in both Seattle and Vancouver had worked in low-wage factory jobs, for example, in garment factories, or in the kitchens of ethnic-food restaurants, before gaining employment in the hotel industry.

While Sujita Hassam was still on-call at the factory, she decided she wanted more hours of work. First, she found a new job as a room attendant for the Low-Cost Motel in Tacoma. She worked there for only three weeks, earning \$6.90 per hour. She disliked this job because she was not able to secure enough hours and did not receive a uniform. She also hated cleaning what she described as really "stinky" rooms, particularly where people had pets living with them. She told me, "They bring dogs and kitties and they put inside the room, and when you go inside it smells very bad. Oh yeah." So she decided to look for another job. "I applied to a lot of places, mostly I applied for the hospital. But they [the hospital] told me they are going to phone me in like 6 months. I said, 'that's a long time, I cannot wait.'" After dropping off a resume in response to an ad in the paper, she was called in to interview for a room attendant position at the Globe Hotel Seattle. She went through two major interviews and was pleased and surprised to get the job, starting at \$7.75 per hour. During her interview, Katharina Renska—the chief housekeeper—asked her about her past work experience and her family situation, including the age of her husband's daughter. Why? Perhaps managers screen out potential employees who may face problems accessing reliable child care. In both Seattle and Vancouver, it was surprising to find that few of the hotel workers were lone (single) parents.

Sujita Hassam said she enjoyed working at the Globe Hotel Seattle; she dreams of working as a registered nurse (RN) or of finding employment in a hospital again, “where the money is.” In California, she had worked in a hospital for a national food-service company. “I just work there for four months and they were paying me like \$8.50 something, and they said after 3 months they going to put your [wage] rate up.” She recently met with a personnel officer at a Seattle hospital, who said she could get a food-service job in three months; this job also included the possibility of taking RN training courses. Sujita Hassam plans to wait and see.

Sujita Hassam was frustrated about the low wages paid at her hotel. She said she thought that her job at the Globe Hotel would be better if the hotel were unionized because employees would get regular pay increases: “Why I think if union it would be better? If they work hard and after 1 year or 2 and they are only giving you like \$7 [per hour], you can probably use union for something like this.” At the same time, she realized how difficult it can be to unionize a workplace. The garment factory she had worked for in Fiji closed down as it was being unionized: “3,000 people working there, and they closed it because the union come, so no more job.” Only a small and declining percentage of hotel jobs in Seattle are unionized.

Life for the working poor is stressful in Seattle. The Hassam family rents a one-bedroom apartment. Maureen Hassam sleeps in the living room. Sujita Hassam described the apartment as “somewhat crowded,” with leaks and roaches. The landlord continues to promise, but not deliver on the promise, to spray the apartment for insect infestation. He charges them a \$70 fine if they are even one day late on the \$600 monthly rent. In the five months prior to the interview, the Hassams were late paying the rent four times—incurring \$350 in fines—and had their phone cut off twice because they could not pay their bill. Their utility bills add up to \$250 or more per month for electricity, garbage service, and water. There is no room in their budget for any unexpected expenses or extravagant expenditures. Sujita Hassam described paying the household bills as “very difficult.” These material hardships land on the Hassams, despite the fact that the two adults hold multiple jobs. They regularly borrow from Maureen Hassam, who works thirty hours per week at Burger Barn, a fast-food franchise. Amit Hassam also borrows money from Arthur Lowell, a white co-worker at the school cafeteria, although the family tries its best to pay him back quite quickly. At the time of the interview, Sujita Hassam said they had about \$2,000 in the bank. She was not sure, but she thought her husband might have a little retirement savings. Living on the edge financially is not unusual among workers in Seattle, with many hotel employees reporting difficulties making ends meet.

Amit Hassam commutes to Tacoma by car; Sujita Hassam takes the bus to



work. On a typical day, she gets up at 5:00 a.m. so that she can shower and prepare for her husband and step-daughter to leave for work and school. Then, she catches the 6:30 a.m. bus downtown to make sure she is not late for her 8:30 a.m. shift. Sujita Hassam estimates that last year, she earned only \$7,000 before taxes and her husband earned \$23,000 working two jobs. Despite their low income, she tries to send money and gifts back to her relatives in Fiji whenever possible. Every few months, they donate a small amount of money to their church and a local hospital.

Sujita Hassam lacks health insurance coverage. Although the Globe Hotel provides health insurance benefits, she is trapped in the new employee waiting period. Her husband pays \$50 per month for health insurance, a limited plan lacking dental coverage. Her step-daughter is covered by a Washington state health program, so she has been to the doctor and dentist in the past year. But Sujita Hassam has no health insurance coverage, which worried her: “Yeah, I am worried. Because I am thinking if I haven’t got any [health] insurance and maybe someday I’m gonna sick. And if I go to the doctor, I am going to have pay a lot without the insurance.”

The family is very vulnerable to financial catastrophe in the event of a health emergency. Problems with health insurance coverage and accessing health care are much more frequent for workers in Seattle than in Vancouver. After three months, Sujita Hassam will qualify for health insurance coverage benefits for herself but not for the rest of her family. If she switches employers in order to improve her wages—as she and many working poor hope to do—she will probably have to start again in terms of waiting periods for essential benefits such as health insurance coverage.

As with most Seattle workers without health and/or dental insurance, Sujita Hassam has not received regular preventative medical checkups. Her last doctor’s visit was her pre-emigration checkup in Fiji over two years ago. She wants to go to the doctor, but without health insurance she feels she is unable to afford medical and dental care. Her job benefits are meager; she is eligible for one week of paid vacation and six paid sick days this year. The job benefits are less generous in Seattle than in Vancouver, in part because of differences in labor policy that set different minimum standards for workers in each city.

Hotel workers in Seattle live in and around poorer neighborhoods compared to Vancouver. They experience more problems with crime and greater feelings of personal insecurity. Sujita Hassam’s family lives southeast of downtown Seattle, close to Rainier Avenue, in a neighborhood close to shops. Sujita Hassam has noticed some “sketchy in and out” activity next door as well as cars cruising up and down the block (enough to scare her and cause her to bolt the door). Yet she has not seen a police officer or cruiser in her area since moving in. In the past few months, the Hassams have been the victims of petty thefts,

which have left Sujita Hassam feeling personally insecure; for example, someone stole Maureen Hassam's expensive pants from the dryer in the common laundry room.

Although her husband brings her to the homes of many other Indian immigrant families, the Hassams do not belong to any official groups or clubs. Sujita Hassam is more socially isolated in Seattle than she was during her brief residence in California: "Different there [in California], I was with my auntie, there was a lot of Indian people. Here I don't have any friends, just my husband and my daughter." She reports she is happy in her new marriage and is grateful because, she reflects, she was never really happy before. She has a positive general feeling about the Rainier Valley high school her step-daughter attends. She thinks her teacher is nice, and she has met with her occasionally.

Sujita Hassam dreams of buying a two-bedroom home. Her husband thinks they should move to a Tacoma suburb—closer to his job at the factory but a much farther commute for her. Despite their hardships and insecure financial position, Sujita Hassam is still optimistic about her future. She perceived her family as being squarely in the middle class of U.S. society, but her story illustrates the significant obstacles and hardships facing recent-immigrant, working-poor families in U.S. cities. Even with the support of family resources and working as many jobs as possible, many live on the edge of poverty in neighborhoods with a low quality of life, isolated from mainstream society. They also often lack access to health insurance and preventative medical care. Without a new rung on the ladder of the urban service-sector economy to provide stable living-wage jobs for recently arrived, low-skilled immigrants, the second and third generations of these families are at risk for downward assimilation into the growing ranks of the urban poor.

### **Karen's Story**

Karen Hsu is a forty-nine-year-old mother with two teenage children who lives with her husband and mother-in-law. She was born in Guangdong, China, and moved to Vancouver, British Columbia, Canada, in 1980. When I asked why she had moved to Vancouver, she said, "My mother and my sister, my brother already here." In China, she had completed only two years of high school. She quickly took advantage of educational opportunities after arriving in Vancouver; she took night courses in English as a Second Language (ESL) at Redlows High School from 1980 to 1985.

Karen Hsu's first job in Vancouver was as a seamstress in a factory. After toiling for several years—earning \$3 per hour—in this difficult low-paying job, she met her husband, Lee Hsu. Lee Hsu currently works full-time as an electrician and takes on occasional handyman jobs. They were married in 1983. Soon after, she was laid off at the garment factory and began collecting unem-

ployment insurance benefits. A Canadian government program—through Human Resources and Development Canada (HRDC)—paid Karen Hsu’s tuition and expenses to attend a six-month hospitality training course while she was unemployed. Many immigrant hotel workers I interviewed in Vancouver reported benefiting from these federal training programs. Through the course work and, especially, internship placements, these training programs have lifted many from insecure poverty-wage jobs to more secure, living-wage jobs.

A close friend of Karen Hsu, Lucy Chen, had recently begun working at the Globe Hotel Vancouver. She recommended that Karen Hsu apply to the Laundry Department, where a position had recently opened. She got the job and began working at the Globe Hotel Laundry Department at double her previous seamstress wage—earning \$6 per hour—and held that job for nine years. During this time, the hotel began outsourcing most of its laundry to subcontractors, and the staff scrambled to find job openings in other departments. It was stressful, she said, “Everyone want to go for the other job.”

Today only two staff members continue to work in the Laundry Department of the Globe Hotel Vancouver. “And now everything go outside . . . so it’s more difficult for the two people there.” Fortunately, Karen Hsu’s hospitality certificate and selection privileges under the union contract helped her switch jobs within the hotel and secure a position as a room attendant while maintaining her seven-year seniority. After years of regularly scheduled wage increases, Karen Hsu currently earns \$14.84 per hour and has generous extended health and other benefits, including five weeks of paid vacation per year. Union-organizing rules in Canada and British Columbia—in contrast to the United States and Washington state—create a context in which a much higher percentage of hotel-industry workers are unionized in Vancouver than in Seattle.

When we met, Karen Hsu had worked in this establishment for twenty years and planned to continue until she retires: “maybe work over there five or ten years, retired.” Her union-based seniority privileges allow Karen Hsu to work two or three days a week during the winter slow season and full-time the rest of the year. She described the job, “Yeah, it’s a hard work but it’s okay. If you want the money, it’s okay.” Karen Hsu’s story shows how stable unionized positions in the service sector can provide workers with a mainstream middle-class quality of life and resources.

Karen Hsu estimated that she and her husband earn a combined pretax annual income of \$45,000. Although taxes are higher in general in Canada than the United States, the income tax burden on the working poor is less in Canada, especially for parents, because of generous tax credits. Karen Hsu estimated they paid about \$2,000 in taxes the previous year and received a \$200 refund. Karen Hsu’s story contrasts with Sujita Hassam’s in ways that reveal how work-

ing-poor families in Seattle must rely much more heavily on personal resources to make ends meet than do those in Vancouver.

In 1987, Karen Hsu and her husband purchased a large five-bedroom home with a basement apartment about one block away from where they had been renting. In Vancouver, many single-family homes include a basement suite or small apartment, which homeowners rent out in order to help with their mortgage payments. The Hsus used to rent this apartment out for \$600 per month; today, Karen Hsu's mother-in-law lives in the apartment. Their neighborhood is located southeast of the downtown core, close to Kingsway, and is similar to other neighborhoods where many other hotel workers I interviewed live. The Hsus live in a classic split level, probably built in the late 1960s. The rambling house provided what she describes as "just the right amount of space" for her, her husband, their two teenage children, and her mother-in-law. They have two cars, a 1997 Geo Tracker and an older 1989 Chevy Lumina, although she generally commutes to work by bus—a forty-five-minute trip each way. Karen Hsu appreciates the quality of life in her eastside Vancouver neighborhood and considers it a good place to raise her children. The impact of public infrastructure investment is obvious here. Karen Hsu's neighborhood boasts community centers and other family-friendly institutions. Both Karen Hsu and her fifteen-year-old son, Daniel Hsu, thought of their neighborhood as safe, and the family has no plans to move in the next several years.

During our interview, Daniel Hsu sat at the kitchen table with us and helped translate some of the questions and answers for his mother. A tall, lanky young man, he was happy to share his opinions. When I asked if there was an issue with crime in their neighborhood, he said, "Nothing happened here, for the past four years." Karen Hsu is very proud of her son, who just gained acceptance to a gifted and talented enrichment program at his high school. He told me the school has "very high math standards." Daniel Hsu also takes courses during the summer months through a summer school program and finds time to do some volunteer work as well. They also have a twelve-year-old daughter, Lucy. Like many immigrants, the Hsu family relied on their extended family for child care when their kids were young. While Karen Hsu and her husband worked, her mother and mother-in-law, as well as other relatives, watched after the children. "My mother-in-law, my mother and cousin. My father-in-law. Everyone help. Everybody help me." When I asked if she had paid them, she replied, "No afford to pay. I don't want to pay." Daniel chimed in, "Calling favors."

Karen Hsu's mother-in-law is unfortunately now quite ill and requires regular dialysis; yet the family has never had to worry about health expenses because of Canada's universal health insurance. The Canadian universal health insurance system mitigates financial stress that otherwise might be provoked

by health crises. The family's regular doctor's office is located ten minutes from Karen Hsu's home by car. She had recently visited because of "shoulder pain," but does not have any major health problems. In the past year, she estimated that she visited the doctor four to five times. Her son went to the doctor once and her daughter twice. Although Canada's publicly financed medical plans do not cover dental work, all of them had recently been to the dentist for a teeth cleaning. The Hsus report making small annual donations to the British Columbia Children's Hospital.

Though her job is fairly low-skilled, Karen Hsu perceived her family as being squarely in the middle of the middle class in Canadian society, reflecting a subjective sense of class location. In 1999, the Hsu family went on a family vacation touring China for one month. Her son Daniel jokingly remembered, "China, mosquito bite town." With a paid-off home, rental property, and no credit card debt, the Hsu's largest regular monthly expenses include \$200 for property taxes, \$700–800 for food, \$220 for hydro (utility bills), \$200 for life insurance, and \$300 per month for piano lessons. They have about \$3,000 in savings and some retirement savings as well, but the majority of their equity is tied up in their own home. Karen Hsu's story is not unusual among room attendants and other hourly employees who I interviewed in Vancouver.

## Overview

How do social and labor policy differences affect the quality of life and hardships experienced by the working poor in the United States and Canada? Chapter 2 describes previous research on urban poverty and the working poor, as well as findings from comparative research on the United States and Canada. It also contrasts trend data on poverty and inequality between the two countries since the mid-1970s to show how differences in social transfers explain these macro-level divergences.

Chapter 3 tells the story of my research, outlining the methodology of the Global Hotel study. I describe my research design and the sampling and procedures that I used. Descriptions of the four hotel sites and of the divisions of each hotel—Housekeeping, Maintenance Engineering, and Guest Services—set the scene.

Chapter 4 focuses on the differences in labor policy between the United States and Canada and the impact of these differences on hotel-industry employees in Seattle and Vancouver. First, labor policy differences, in particular those relating to union-organizing rules and procedures, are described. These differences have resulted in a dramatic divergence between the two countries in the past forty years: from the 1950s to the 1970s, approximately 30 percent of the nonagricultural labor force in the United States and Canada belonged to a union; after forty years of divergence, 35 percent of Canada's labor force

presently belongs to a union compared to less than 14 percent in the United States.<sup>3</sup> What are the implications of this difference for hotel workers in Seattle and Vancouver? Directly, unionized hotel jobs provided better benefits, job security, and work conditions. Indirectly, higher levels of union coverage in Canada have translated into stronger labor policy and other social policies that help all low-income workers.

Chapter 5 examines the impact of the differences in the health-care systems of the United States and Canada on the hotel employees and their families. The large and growing percentage of uninsured people in the United States is well established. It stands at 14 percent of the population—over 44 million people—larger than entire population of Canada.<sup>4</sup> Yet there has been little systematic research on how health-care policy differences matter for the working poor.

Maintaining continuous health insurance coverage is a problem for many hotel workers in Seattle, despite the provision of health insurance benefits by the hotel. The main culprit is the waiting period for health insurance benefits, which ranges from three to six months and often longer for family coverage. Despite the fact that the hotels provide health benefits, over 25 percent of the employees in Seattle did not have health insurance at the time of their interview. Each time they change jobs, low-wage workers face the prospect of a new probationary period, even if the employer provides health insurance benefits. Even with insurance, many found the employee health benefits inadequate to prevent financial catastrophe and fewer sought and received preventative care in Seattle. In contrast, the universal health-care system in Canada decouples financial considerations from most health-care experiences. The findings suggest that the problems of the current health-care policy regime in the United States go well beyond individuals simply lacking health insurance.

Chapter 6 focuses on how differences in social welfare policies between the United States and Canada affect the quality of life and material hardships of hotel workers and their families. What differences are most important? In Vancouver, unemployment insurance provides the most important protection for hotel employees against material hardship. In Seattle, unemployment programs fail the working poor. The low replacement rate of benefits prevents unemployment insurance from acting as an effective social safety net; unemployment benefits for Seattle hotel workers are well below the income that can be earned in a minimum-wage job.

Few hotel workers in either city reported relying on public-assistance benefits, with the exception of minimal support benefits temporarily received by recently arrived refugees. In Vancouver, other government programs prevent hardships by providing financial assistance directly or helping workers build up financial resources in order to protect themselves during economic down-

turns. These programs include paid maternity leave, government-subsidized savings programs, workers' compensation, mandatory vacation benefits, and subsidized day care. A comparison of income supplements for low-income parents with children, such as the U.S. Earned Income Tax Credit and the Canadian Child Tax Credit, reveals that the current Canadian system provides nearly double the supplement to families in Vancouver than the U.S. system provides in Seattle. In Seattle, without government help, employees rely mostly on extended family or personal resources and on working multiple jobs to make ends meet in difficult economic times. More also live with extended families to make ends meet.

Chapter 7 examines how public infrastructure investment differences—in transit, neighborhood, and community institutions—affect the experiences of the hotel workers outside the workplace. The more egalitarian pattern of public investment in Canada, compared to the United States, means that income differences between families or individuals do not dictate the quality of life to the same degree in Vancouver as in Seattle. More workers in Vancouver were positive about their neighborhoods, almost uniformly describing them as “nice.” They had access to more institution-rich communities, such as government-funded community centers. Seattle employees did not report using community centers and other neighborhood institutions as much and described more problems with crimes, such as theft and muggings.

Chapter 8 describes the cumulative and interactive impact of these differences on how workers see themselves and their families in society and on their perceptions of what the future has in store for them. Fewer hotel workers in Vancouver perceived themselves to be far below the middle rung of the socioeconomic hierarchy than in Seattle. Workers in Vancouver with children were also somewhat more positive about their children's futures. In Seattle, more workers expressed concern about their own place in society as well as hope in their predictions of their children's futures.

Chapter 9 outlines policy recommendations based on the findings of this study. What kinds of policies and institutions would improve the lives of Sujita Hassam and Karen Hsu and the millions of other working poor in the United States and Canada? Specific policy reforms are discussed for the local, state/provincial, and federal levels. This chapter goes beyond arguing for specific policy changes—it is a call for action. It proposes democratic community organizing at the grassroots level to build coalitions to work across divides and fight for changes to improve the quality of life for all Americans and Canadians.

Chapter 10 concludes the book with a summary of the main findings and discussion of their theoretical implications. In a global era, when branches of multinational franchises are opening in cities around the world, it is vitally important to understand the impact of government policy on the lives of low-

income service-sector workers and their families. Social policies directly affect the quality of life and levels of material hardship experienced by working-poor families. The findings of the Global Hotel study reinforce the importance of a multidimensional analysis of equality involving more than income. The findings also contribute to the study of urban poverty.

An analysis of life in the postindustrial city also requires looking at larger forces outside of the city itself. Macro-level economic, social, and cultural forces intersect with state institutions and policies to shape the barriers and resources of people who are living, working, and striving to make ends meet. The systematic differences in the micro-level lived experiences of hotel workers, working in the same jobs for the same multinational companies in two different policy regimes, make clear that there is nothing inevitable about the globalization of the economy and rising levels of inequality and poverty. In countries experiencing growing poverty, what has been lacking is the collective will and imagination to live up to the democratic dream that can only be realized on a foundation of equality of opportunity and outcomes.



## CHAPTER 2

# Poverty and Policy in the United States and Canada

### Urban Poverty and the Focus on Public Assistance

Much of the sociological research on urban poverty has focused myopically on public-assistance recipients, particularly in the United States. The reason is, in part, as Mark Robert Rank describes (and explodes) in *One Nation Underprivileged*,<sup>1</sup> the pervasive myth that the poverty problem is a values problem. Dating back even before the poor laws of Victorian England and the decrepit poor houses described by Charles Dickens, the “blaming the victim” approach to poverty has a long and disgraceful Anglo history.<sup>2</sup> According to this perspective, if only the poor would change their behavior and start following the rules—especially getting a job and getting married before having children—then poverty would be eliminated. Through the confounding lenses of race and segregation, arguments that the “poor are responsible for their plight” morphed into “culture of poverty” debates about urban poor ethnic minorities and ultimately transformed into welfare-reform debates.<sup>3</sup> My Global Hotel study adds more empirical evidence, from a cross-national comparative perspective, to support Mark Robert Rank’s reframing of poverty in the United States from a problem of individual failings of those living in poverty to one of the failure of government policies and institutions to keep up with changes in the economy and society.<sup>4</sup> Poverty can be reduced dramatically in the United States if the political will exists.

The U.S. official poverty line is set at an extremely low level—and compared to median income, it has been falling in relative value since its creation in the mid-1960s. Mark Robert Rank provides a useful thought experiment for readers not in poverty (although real enough for students living in temporary poverty):

Now imagine that, instead of the income you currently have coming in for this month, next month you will be receiving only 29% of your income. The other 71% of your income is suddenly gone. That 71% is the distance between your