

The Community Consequences of Welfare Reform

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For many years, the ghetto economy at ground zero, the most ravaged area of the inner city, has relied on three props: (1) low-wage jobs; (2) the informal economy of drugs, street crime, theft, hustling and prostitution, along with barter, gambling, loans and petty entrepreneurship; and (3) welfare payments of various sorts, notably AFDC grants and food stamps. Money, goods and other resources from these three sources circulate, interact and are transferred and transformed in ways that make the inner-city economy complex and idiosyncratic. The withdrawal of welfare funds as a result of the Personal Responsibility Act of 1996, commonly known as “welfare reform,” removed one of these three generators of income from the community and generated myriad and continuing “multiplier effects.” Most important, increased scarcity has resulted in competitive conflict and social distress in the isolated inner-city ghetto.

The rationale for reform was to pressure people who had previously been supported by welfare to get jobs, to “move from welfare to work.” With the help of a favorable economy, many people whose welfare benefits were cut off found employment. But the thinking that shaped this public policy did not fully appreciate the ways welfare reform would affect the inner-city black

community or anticipate the social distress it would leave in its wake. People in the community have been forced to draw on all available social capital: to fend for themselves more aggressively; to rely more on networks of kin and neighbors; and in some cases to turn to the drug trade and other illegal, illicit or “shady” activities by justifying them as the only available means of survival. This essay traces the linkages among these various forms of economic activity within the ghetto community that have made the withdrawal of welfare benefits so devastating.

The Community Context

The consequences for the inner-city black community of changes in the American economy since the 1950s, especially the loss of manufacturing jobs that has accompanied globalization, are well documented. Multinational corporations must be recognized as deeply implicated in the economic decline and social distress of the inner city. The corporate search for higher profits has entailed the elimination of the semi-skilled jobs that attracted black workers to the cities through the first half of the past century; production has been transferred to lower-waged labor markets overseas, leaving black people stranded less than a generation after they had obtained a precarious foothold in the core economy. Industrial unemployment and the disappearance of entry-level jobs offering stable employment, benefits and gradual wage increases have played a major role in the creation and perpetuation of urban poverty. These structural changes have been compounded by persistent attitudinal racism in the workplace, which makes it difficult for people of color to connect enduringly with available jobs. The service-oriented economy, which turns on the presentation of

the self, requires such skills as being formally polite and speaking standard (not black) English. And, of course, poor adults remain stuck on the wrong side of the digital divide.

The high population density in the ghetto concentrates the effects of poverty. Ground zero, in its teeming closeness, is the primary source of the negative ghetto stereotype. In the toughest, most distressed areas of the inner city, residents and nonresidents alike believe that the wider system has abdicated its civic responsibility, withdrawing such public services as police protection, education, and economic opportunity. When summoned to ground zero, the police may arrive late or not at all and they may disrespect and mistreat the people they are called to protect. The infrequent yet negatively charged interactions between ghetto residents and the institutions of the dominant society create alienation, anger, bitterness and profound distrust. The ghetto seems a dog-eat-dog world in which only the strongest survive. Too many young people walk the streets with a chip on their shoulder and a gun in their pocket, seeing no reason not to shoot preemptively when they feel threatened, with little concern for the wider society's sanctions. Where the civil law is weak or absent, a "code of the street" has emerged to fill the void. This code encourages all ghetto residents to assume a hostile demeanor that effectively threatens would-be transgressors with retribution. Even those who are "decent" must show that, if pressed, they too could effectively resort to violence to settle disputes.

Even during the period of greatest prosperity for working-class people, some African Americans were left by the wayside. Black people are still "last hired, first fired," and thus especially vulnerable to the vicissitudes of the labor market and the ravages of recurring cycles of recession. In the working-class black community, as in other American working-class communities, self-

sufficiency has been a strong value. Those who have jobs have traditionally looked down upon welfare recipients. But welfare, or “aid,” has for decades seen people through periods of economic downturn, especially because African Americans have less often held jobs covered by unemployment insurance. Welfare benefits, unlike many paid jobs, were regular, steady and reliable, and government payments became established as one of the three props of the urban economy.

Relying on welfare had serious material as well as immaterial consequences. Benefit levels were not high enough to deliver people from poverty, so welfare became a kind of subsistence that often prevented upward mobility, even for the children for whom “Aid to Families with Dependent Children” was designed. Only those with the least forward outlook and human capital accepted the situation and relied on welfare during economic upswings. Most people took whatever routes were available to escape the carefully calibrated impoverishment that welfare imposed. But those who did adapt to welfare began to organize their lives around taking what it had to offer. Some of their children naturally looked to them as role models and, in the absence of alternative routes to financial stability, longer-range perspectives, and modes of income-earning that were compatible with childrearing, a culture of dependence on welfare developed among the underclass.

Welfare programs had profound implications for male-female social and sexual relations. Since a man in the house might be expected to be able to work to provide for the household and to be free of childcare responsibilities, a woman who wanted to qualify for welfare benefits had to be without a man living in her home. The often erroneous assumption in the design of AFDC was that a woman and her children could depend financially on any man who lived with her, and its unintended result was to push mothers into becoming single heads of household. After all, black

men, especially young black men, were chronically un- or under-employed. The whole situation led to a diminution of respect for marriage or conjugal unions. A woman who had a man but wanted to get welfare money might discourage him from being around, particularly when the welfare agents visited. Then, when the monthly check arrived, the man might appear for a share of the money.

Dependence on welfare benefits, with its concomitant economic deprivation and distortion of social relations, was confined to a small segment of the inner-city population, but “concentration effects” meant that the culture of poverty affected everyone in the community. Sometimes more stable families’ transmission of “decent” values was undermined when children of welfare families mingled with children of working families in the schools and other public places and initiated them into the street culture. The need for those who work to distinguish themselves from those who resorted to welfare led to invidious class distinctions, eroding local social comity. Competition, whether for visible income or for respectable status, weakened social bonds.

“Decent” and “Street”

Although almost everyone in inner-city neighborhoods is struggling financially and therefore feels a certain distance from the rest of America, a status system has developed within the community that distances people from one another. This status system is based on the distinction between “decent” and “street,” a set of conceptual categories used by the residents themselves. The labels represent two poles of value orientation. Decent residents judge themselves to be so, while condemning the others as “street.” Street-identified individuals often present themselves as decent, however. And a

person may exhibit both orientations, switching from one to the other depending on the circumstances. But concrete, visible features distinguish the two groups.

Generally, self-identified decent families accept mainstream values. Whether their households are headed by a married couple or a single parent, usually a woman, they are “working poor” and tend to be better off financially than their street-oriented neighbors. These parents value hard work and self-reliance and have a certain amount of faith in mainstream society; they are willing to sacrifice for their children because they hope for a better future for them. Many take a strong interest in their children’s schooling and most go to church regularly. Rather than dwell on the hardships and inequities facing them, decent people derive support from their faith and the church community. Grandmothers raising grandchildren, in particular, see their difficult situation as a test from God and try to fulfill its demands rather than merely lament the problems that have befallen their children. Acutely aware of the dangerous and potentially corrupting environment in which they reside, decent parents and grandparents tend to be strict in their child-rearing practices, encouraging children to respect authority and walk a straight moral line. They remind their children to be on the lookout for people and situations that might lead to trouble. But they are polite and considerate of others. At home, work, and church, they strive to maintain a positive mental attitude and a spirit of cooperation. Self-respect, earning others’ respect, and respecting others go hand in hand.

So-called “street” parents, in contrast, often demonstrate a lack of consideration for other people and have a superficial sense of family and community. They love their children, but many are unable to cope with the physical and emotional demands of parenthood and find it difficult to

reconcile their own needs with those of their dependents. They judge themselves and others according to the values and orientation of the code of the street and may aggressively socialize their children into the code. In their view, there is no alternative.

In closely packed inner-city neighborhoods, people keep track of each other. They know what goes on inside their neighbors' houses because they are affected by it. In this atmosphere, when an altercation occurs between a street person and a decent person—an argument over a parking space on the block, for instance—the street person is likely to become aggressive, in part because he or she is conscious of lacking what decent people have: standing, resources and a degree of human capital. So there is ample opportunity for the street person to feel disrespected and the decent person to feel threatened, even with bodily harm. In this charged setting, with neighbors competing for scarce monetary as well as social capital, simmering envy and jealousy are always ready to boil over.

Jobs

The ghetto has always been home to a marginally employed, low-wage workforce. Those who work at such jobs, sometimes at two or three such jobs, are part of the decent segment of the community. In the years immediately following 1996, many former welfare recipients acquired employment, along with the self-esteem that accompanies work. In a booming economy with a tight labor market, companies had incentives to reach out to them. With the strong public relations campaign to join in the welfare-to-work process backed up by tax credits, these companies took a proactive role, helping

people improve their lives and those of their children. During that time, many of those who could get off welfare did so. Those who were unable to adapt to the requirements of the workplace (who might, for example, have disabling health conditions or who were responsible for the care of disabled dependents) were left behind, along with those who resisted or could not manage the discipline that formal employment requires.

Those newly employed people joined the working poor, as night watchmen, janitors, street sweepers, dishwashers, construction workers, yard workers, fast food workers, and secretaries. Some of these jobs are formalized and steady, but the long-term results of welfare-to-work programs have been mixed. The availability of such positions, which require relatively few skills, depends on a favorable economy, and with an economic downturn such people are among the first casualties. And even the steady jobs do not generate enough income to get people out of poverty. Most of the available jobs are insecure, pay little, and provide few or no benefits. Health insurance and child care remain prohibitively costly. Thus, the rise in the employment rate in the community has yet to improve overall conditions in the neighborhood. Too many people, although working, remain impoverished.

These conditions of chronic, endemic poverty affect the way that income from regular employment is spent and the kind of security it can—or cannot—buy. One common scenario begins with a paycheck from a legitimate employer. Many inner-city residents don't have bank accounts, so they take their checks to the "cash exchange," which charges an exorbitant fee. After cashing their checks, men often travel to the corner tavern for "a taste," a drink of liquor with friends. There they may well have to pay off numerous small debts they have incurred. A man's

attempt to stretch his money between paychecks is often futile and he is obliged to borrow money from friends to make ends meet. Through the week before payday, men can be heard soliciting others to “let me hold ten [dollars] until Friday.” When Friday comes and a man has cash, he must pay these debts or risk arguments and possibly altercations over the money owed. When a debt is not paid and the debtor is observed using the money for something else, the person lending the money can feel disrespected, or “dissed,” and needs to set the man straight. Also, if the debt is not paid promptly enough, the person lending the money is not likely to do so again. This system has built-in sanctions.

Since the tavern is often one of the first places the man visits after receiving his pay, his wife (if he is married) may try to intercept him there, demanding the check or the money before he has a chance to “mess it up.” Some men give their women a large portion of the check to “hold” for them, thereby maintaining control over their earnings in theory while ensuring that in practice they help to support the family. In other cases, a bartender or tavern proprietor will hold the money for him. But the corner tavern is also a place where people may “mess up” their money. The money that ends up in the hands of the proprietor goes into his bank account and leaves the community.

[Here you need to put at least one or two paragraphs on what women with waged jobs do with their paychecks. You discuss the economic transitions conducted by and among women only in the context of welfare. The text thereby implies that, while men get paychecks, women depend only on welfare checks, which was not the case even before welfare reform. In fact, if you control for child care responsibilities, black women are more likely to be employed than black men. And the evidence suggests that more of their earnings go to support dependents and circulate within the

network of women in the local community.]

The Informal Economy

The second element of the ghetto economy, the informal component, includes both legal and illegal activities. On the legal side are various interpersonal accommodations, such as borrowing money from friends and relatives, bartering goods or trading favors, and outright begging. Illegal activities include robbery, burglary, fencing stolen goods, dealing drugs, and “loan sharking.” There are also marginal forms of work that merge into the irregular economy. “Freelancers” may engage in petty or informal entrepreneurship, doing odd jobs or vending on the street, or they may work for someone else for cash, most notably at the car wash for tips only.

The informal economy enables poor people to obtain the same services as middle-class people do at rates they can afford. People have their hair done by a friend or have someone make a CD for them. People sew clothes for one another and help one another with house and car repairs. They get bootleg videos and cable. The exchange of services is a well-established custom among the poor. But these activities have also filled some of the gap created by the loss of government payments. The reliance on social capital among the poor means that money goes further and is more likely to stay within the community.

Crime, too, is an integral part of the informal economy. Lower-level crimes against property and theft-related assaults against persons have become more frequent as government transfer payments have been withdrawn from the ghetto. More men can be heard in barbershops and bars

saying, “I’m gon’ get mine somehow” or “Somebody’s gon’ pay me.” These men appear peaceful enough, but their allusions to street crime are not idle; at times these boasts are acted out on the streets. It is hard to quantify such impressionistic evidence, but any sensitive observer feels the high frustration level of people in the community. There is a connection between widespread frustration over the longer-term lack of access to “legitimate” forms of income earning and the number of robberies and assaults occurring on the community’s streets. Merchants who have stores in the black community but do not live there have long been targets of special resentment. Korean grocers in particular bear some of the brunt of this frustration. Not only are they of a different national origin, but they appear to be profiting off the community and siphoning money out instead of spending or investing it locally.

A peculiar form of social capital in the inner-city community helps maintain the most violent part of the irregular economy: the drug trade. In this sector, relations are characterized by informality, age-based peer groups, family particularism, and personal connections. In the ghetto, drugs are everywhere, as the enterprise stands in where the wider economy has failed local residents. Young people are especially likely to seize the economic opportunities made available by the drug trade. The code of the street imposes few sanctions on dealing drugs. The feeling is that “if you’re fool enough to buy it, shame on you.” The same is true of stick-ups and muggings; only fools leave themselves open to such assaults. Taking care of yourself is part of the code; you have to be tough and build up your reputation.

People start selling drugs in a number of ways. Some voluntarily seek it out, motivated by the desire for material goods such as new sneakers, gold chains and leather jackets. Others are recruited.

The “low dogs”—boys sometimes as young as 13 or 14—are the runners or “drones” who act as lookouts or sell to passing motorists. These boys may be approached by older men to work for them. The offer may be more of a threat because the dealer may feel it is risky for the boy to know about him without being involved himself. If the boy refuses, his life might be in danger. People are also drawn into dealing drugs through debt. If someone is unable to pay back a debt to a dealer, the dealer might let him pay it off by working for him. Such a debt can easily grow to unwieldy proportions, since “interest” of 50 cents on the dollar is not uncommon. Debt can also be incurred by boys who are already dealing. A boy robbed of his drugs could owe a dealer thousands of dollars; the fact that he was victimized by another, perhaps an older man, is no excuse.

Violence quite naturally has its place in these transactions. Someone who does not pay back a loan in a timely fashion might be told, “If you don’t pay, you have 24 hours to live.” Robbery is one response to the pressure to come up with the money. The older dealers, and even some of the young boys, carry guns. When scores are settled, several people may die. These conflicts tend to spiral, as rival dealers and their associates battle for turf and seek to avenge the murder of their buddies. Once anyone gets into the drug trade for any reason, it is difficult to extricate oneself from the tangle of relationships, debts and favors drug dealing entails. [Here you need to say something about the roles that women play in the drug trade, as consumers, as sellers or lower-level distributors, and as pushed into prostitution to get money to pay for drugs. This description should suggest that women are sexually exploited by men in such settings.]

The inner city is also the scene of a good many less dramatic but nonetheless “irregular” small entrepreneurial ventures. These may fall close to the line of legality, on either side. For

example, at a selling party, ordinary, useful goods are sold relatively cheaply. Other gatherings may center on an all-evening card game with a minimum stake of 20 or 30 dollars a person, with people joining in and dropping out. People organize other forms of gambling in their homes, in the back rooms of barbershops and bars, or on the street itself; these include playing the numbers, dog fights, cockfights and dice games.

Welfare and Associated Coping Strategies

The third source of income in the inner-city community was welfare payments, particularly to single mothers of young children. In a typical scenario, a welfare recipient's "ship comes in" when she receives her government payment in the form of a check or, if she has a bank account, a direct deposit. Often, by the time she gets the check she is broke and needy. To make ends meet after the last check, she has run up numerous debts. Her creditors, usually friends and neighbors, are now prepared to collect. Many of them, also living on the margins of poverty, are quite needy themselves. It becomes very clear on "check day" that circles of friendship and neighborliness revolve around giving and receiving money and favors and that debts are called in when the debtor is likely to have ready money. There is no better time—perhaps no other time at all—to collect than on check day, which some call "mother's day."

Welfare recipients treat check day as a time to purchase clothes, shoes, hairdresser services, cigarettes, liquor, and even drugs. People of the inner-city black community place a high premium on "feeling and looking good." They seek to distance themselves, in their own and others' eyes,

from the feelings and images associated with being poor. A woman may purchase an expensive leather coat or jewelry for a boyfriend before she buys anything for her children. Or she may spend exorbitant amounts on her children's clothes, on stylish clothes for herself, or on any of the numerous items of conspicuous consumption that help people conceal the visible marks of poverty and elevate themselves above the degraded status that being poor entails.

On check day, many needy people of the community become quite solicitous of the welfare recipient, which makes her feel powerful. People sometimes literally stand in line, hoping to be beneficiaries of her momentary largesse. Such people may include her mother, her sister, her brother, her children, and her boyfriend. The money from the check is quickly run through. At the end of the first week it is usually almost gone. She has been able to experience a limited time of feeling special and having her immediate momentary needs satisfied. But she is often left broke and in a relatively weak position. Her situation fluctuates between creditor and debtor as the cycle goes around, tying her to others in relations of interdependence. The people who are significant to her **endeavor** work to relate their own needs and desires to the check cycle. The local grocer extends credit to her in times of need, but then requires part of her welfare disbursement. A boyfriend may also demand part of the money, which tends to bond them. Many young men feel entitled to a portion of the check since, without the children they have helped to procreate, the payment theoretically would not exist. The young women fear that, if they do not share the state's largesse with their boyfriends, these men will entirely abandon them and their children.

After a woman has run through her check money, she has various ways to cope. Many women have sugar daddies: older, often married men who help them financially in return for sex.

This is contingency prostitution. Women also have a network for exchanging favors among themselves. They babysit for one another, they fix meals to resell, or they do people's hair. To get around the restrictions on the Access card that has replaced food stamps, they have developed a consumers' "two for one" scheme: a woman will buy food for a neighbor on her card and then the neighbor will pay her. Some women also hustle drugs to make ends meet.

When the money runs out altogether, the community comes into play. Women will pool their resources and cook a common meal to cope with hunger. Generosity is an important theme in the inner-city black community. The poor are happy to share, although accepting such aid entails reciprocal social obligations.

The Scarcity and Circulation of Money

People find that, even with welfare payments and low-wage jobs and various other ways of scrambling to earn money, they are still in the hole. Borrowing, gambling, and running scams are used to make ends meet. But there is also a psychological need that can never be satisfied: to have and display things that make one feel better about oneself. Luxuries become felt necessities among the poor as well as among the upper-middle class. People compete with one another over material possessions. Because this is a community of scarcity, this competition is characterized by intense envy and jealousy. Such situations motivate some of people's most desperate attempts at getting money.

Money flows, but it is increasingly scarce, leaving the hands of residents ever more quickly.

Inner-city neighborhoods are dotted with corner stores but often lack access to supermarkets. The money spent at such businesses travels outside the local community, to suppliers and banks and ultimately the pockets of proprietors. Many store owners who live outside the community employ local residents and their wages remain in the community for a while, but the net flow of money is outward. Similarly, the money that residents who own cars spend for fuel and service generally leaves the community. The skilled workers in such establishments tend to be from outside the community and take their wages or receipts back home with them. When ghetto residents purchase “big ticket” items, they must often use layaway plans, which inflate the price of essential goods. This money also leaves the community.

Various legal and illegal forms of gambling circulate money within and beyond the local community. Some forms of gambling, especially the illegal forms such as “policy” numbers, card games, and shooting craps, keep money within the community. But great numbers of people, including those who identify as “decent,” play the lottery, both the daily number and higher-stakes numbers such as Super Lotto. That money, which can be seen as the most regressive of taxes, goes immediately to the state, where it funds services that go disproportionately to people who do not live in the inner city.

Any monetary transaction, from whatever source, starts a chain of further transactions. Most of the income that goes into the formal market leaves the community. But a sizable portion is spent for informal services or lent or given to relatives or friends. Such transactions have the effect of increasing social capital: bonding people to one another and providing opportunities for informal contact, while putting people on notice that they must pay their debts or risk tension and conflict.

Personal capital is fluid and transactions are informal, often excluding involvement with banks or record-keeping.

Above all, the circulation of money in the black inner-city community is characterized by scarcity, which is a motivating factor for the considerable envy expressed and enacted toward those judged as “having something.” People who know what others have want that for themselves. Envy and jealousy run high among neighbors. Self-esteem can depend on having the latest thing, the hottest new item, living large and looking good, being taken as someone with money or at least someone who is not poor. Engaging in conspicuous consumption is a way to be seen as a worthwhile person; buying and displaying the symbols of wealth is instrumental in achieving social goods. As a result, beyond the bare necessities of life such as rent and food, money is often spent on such luxuries as cable TV, beepers, cell phones and designer clothing, even for babies. Parents provide their older children with the prestigious, expensive items they want so those children will not be drawn into illicit ways of earning their own money, such as the drug trade and prostitution. The logic of money within the ghetto is such that poverty and scarcity breeds excessive spending and display.

Even money for necessities such as food, rent and utilities is not always spent prudently. Many people look for ways to postpone paying bills. Food purchased frequently, in small quantities, at the corner grocery store costs more than food bought in bulk from supermarkets. Poor people’s diets are notoriously poor in nutritional quality. Children sent to the store for milk also buy Slim Jims, potato chips, sodas and candy. Processed foods such as canned goods and instant ramen packets serve as staples. Many people also regularly feed themselves and their children at

McDonald's.

As people in the community say of apparent spendthrifts, "Money burns the fingers." Money becomes ever more scarce as it flows through the community and is siphoned off, sooner rather than later, by payments to those outside the community. This hemorrhaging of dollars leaves in its wake are left high levels of uncertainty and stress, as well as the conflict and violence that follow from scarcity and competition.

Welfare Reform

During the period leading up to the implementation of the 1996 welfare reforms, anxiety built up in the black inner-city community. Those who stood to lose their benefits were, of course, most directly concerned, but the working people were concerned as well. Some "decent" people believe welfare should be a right, not only because people who cannot find work and are raising children are entitled to subsistence, but because welfare payments amount to settling a debt owed to black people for centuries of suffering and exploitation at the hands of the system. These people sympathize with those who are jobless, believing that racial discrimination limits the economic opportunities for all ghetto residents. But this is a minority viewpoint among the black working class. Most decent people believe that those on welfare were not pulling their weight; they were ignorant, shiftless and undeserving of support. Decent people feared that those dependent on welfare would turn to crime, rather than work, when government payments stopped.

So the community was abuzz over the doom that would descend when welfare reform went

into effect. This wholesale doom failed to materialize. Instead, the two other cash generators of the ghetto economy—the informal economy and low-wage job-holding—took up the slack. The transition occurred in complex and sometimes unexpected ways, in keeping with the way in which the ghetto economy is steadfastly embedded in social relations.

One man I interviewed, the father of a woman who had been a crack addict, gave birth to twins and was on welfare, believed that the looming cut-off of benefits scared his daughter into the realization that she had to get a job. She got off crack and got training as a beautician. Her mother, who helps out with childcare, gave her \$4000 to set up a beauty parlor in their house. Now she is a relatively successful small businesswoman; on some days she makes \$500. The danger remains that she might go back on crack; in fact, during a less successful period she stole money from her father. But her parents have stood by her. She knew she had to do better for herself and her children and so far she has done so. This success story depends on the circulation of money within the community and the investment of capital by members of the extended family. This system of reciprocity and exchange has always been an important component of the inner-city micro-economy. With the withering away of welfare, it became even more important. Yet the resources coming into the community from the outside have also declined, putting stress on the system as a whole.

The ramifying effects of welfare reform can be seen most clearly in the “fallout” as money circulates through the community. People become associated in other people’s minds with the way they acquire money. Their way of earning a living is central in their identification as decent or street. So the growth in the informal economy, even its legal and marginally legal elements, threatens the core of people’s self-image.

The system that brings resources into the community is precarious and an economic downturn can easily create an extreme shortage that exacerbates distress and tension. People are always needy, always on the verge of going broke. When this situation is mixed with the sharp and protracted economic decline and short, jobless recovery that has occurred since 2001, it forces more and more people into irregular and antisocial ways of making money. Street crime and drug dealing disrupt community life and spill over into the wider society. Economic stress creates more and more alienation that feeds on itself and serves to justify antisocial actions. It also helps to fill the prisons.

The generous mutual assistance that characterizes relationships when cash is relatively more available may break down when cash is scarce. In this context, there is a constant stream of people who want their debts repaid or want to borrow. Thus, although one wants to be seen as having money, one also needs to be somewhat circumspect about it when one does get it. With the very real possibility that people will either be besieged by would-be borrowers or robbed after dark, displaying material goods, while vital, is also quite risky. Marriage is often an attempt to guard against scarcity and pressure from others. A couple can more easily have something, not only because two can live more cheaply together than alone, but also because as a unit they can defend themselves more effectively against those who may try to get what they have. People get married “to have something.” As Carol Stack shows in *All Our Kin*, family ties are crucially important for material survival. Mothers, fathers, brothers, sisters, cousins, uncles and aunts engage in a system of loans barter, and exchange to make ends meet from month to month. In this way, money circulates in the community and people try to preserve something for themselves. The welfare cuts hurt the whole community by placing additional stress on this system.

Conclusion

The multiplier effects of welfare cutbacks within this economic network must be viewed in the wider context of the transformations the country is undergoing from an economy based largely on manufacturing to one based increasingly on services, information, and high technology. American-based multinational corporations send jobs away from urban areas to non-metropolitan regions, in this country and elsewhere, where labor is cheaper and social benefits less costly. In a situation with fewer opportunities for low-skilled, poorly educated American workers, the arbitrary removal of one of the bedrock certainties of life—welfare payments—has intensified anxiety and distress at ground zero. People became desperate when benefits were cut off and alternative ways of earning money were not available. When people become desperate, they can go in either of two ways, both of which fall outside the regular economy. They can move toward street hustles, such as drug dealing and crime, or they can move in the direction of more supportive, cooperative arrangements in which people help one another with loans, favors and general sharing of resources. Which way they go depends on whether they identify as decent or street; after all, the odds of real success via either strategy seem equally dismal and random. Decency is very strong in the community; the street-oriented are a minority. But to the extent that decent people code-switch, there is confusion about the relative strength of the two orientations. When that happens, people who aren't street have to look as though they are. And decent people may cut off their support of kin who appear to have fallen into street ways or become chronically unable to reciprocate in times of need. The current

crisis caused by welfare reform in the context of recession and a jobless recovery completes the cycle. Networks of mutual support are more vital, but also more stressed, than before.

Although many ghetto residents continue to get by, they are doing so more and more at the very margins of poverty. The poor have even less of a stake in the system than they did before welfare reform, so alienation will no doubt intensify. The inner-city world is fraught with competitive conflict and a sense of having to scramble to get by, to be tough and even violent just to survive. Welfare cuts, by creating financial scarcity and stressing the other available means of support, exacerbate the conditions of life in such communities.

The people of the inner-city black community cope with many pressing concerns with remarkable ingenuity, improvisation and creativity. The three props of the ghetto economy were all important and taking away one increased the pressure on the others. Especially significant is the way people come to depend on one another through exchange, barter, and sharing or circulating money. Perhaps most important of all is the amount of social capital they can summon in order to survive the end of welfare as they knew it. Welfare cuts affect not just the people who have come to depend directly upon welfare but their neighbors as well, who are often among the “working poor.” The notion of social capital in the black community is crucial to understanding the economy today, for it has been summoned to fill the void created by an expected but nonetheless disruptive loss of transfer payments.

When people are needy—and there are many needy residents in the neighborhood at ground zero—they draw social capital from the deep well of common decency that is a staple of the inner-city community. Strikingly, even thieves and drug dealers are known to participate. They may get

their money in indecent ways, but they sometimes share it with those whom they love and cherish, who are trying to make it decently themselves.