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From Safety Net to Power Base

Reimagining, Not
Restoring, the US
Antipoverty System

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Introduction

Our social safety net is under unprecedented attack. Devastating funding cuts from President Donald Trump’s domestic policy bill will cut tens of millions of Americans off from health care and food assistance to finance tax cuts for the wealthy ([Center on Budget and Policy Priorities 2025](#)). Meanwhile, wholesale destruction of state capacity by the so-called Department of Government Efficiency has threatened to further undermine the safety net. These attacks will deepen poverty in the wealthiest nation on earth.



But even before these attacks, the safety net¹ was broken. Downward mobility, rising inequality, an affordability crisis, and diminishing economic freedom are defining features of life for millions of working-class Americans. The reality is that the market economy delivers mass-scale poverty that persists in spite of the safety net. Even accounting for federal antipoverty programs, more than 1 in 10 Americans lives below the supplemental poverty measure ([Greenstein 2025 \[PDF\]](#)).

When the government fails to protect its people from economic exploitation, we face a fundamental crisis for democratic legitimacy. The social safety net as it is designed today is simply not capable of reversing these trends—even if it were delivered perfectly. Progressives must therefore resist a restorationist approach that would patch the safety net back together as it was before. Instead, we must pivot from delivering programs to *rebalancing power*.

The term “social safety net” did not come into widespread usage in the United States until the Reagan administration ([Clark 2013](#)) to describe a set of administrative antipoverty programs. This usage has made our understanding of the safety net too small and too passive. In contrast, this report traces the history of Franklin D. Roosevelt’s New Deal to show how antipoverty systems can operate in a much broader, power-balancing framework. The New Deal marshaled three essential economic interventions to build power for poor people: social insurance programs, market regulations, and public options.

But as New Deal liberalism gave way to neoliberalism, those economic interventions degraded and became decoupled, yielding a safety net that operates through a paradigm of market fundamentalism. Our governing institutions have allowed social policy and market policy to operate in isolation from each other, without coherence or shared strategy. Extensive corporate capture of the safety net means that public investments intended to reach people at the bottom of our economy in fact circulate upward to concentrated corporate actors. Ultimately, working-class families must attempt to survive in the gap between an insufficient safety net and unfair markets. The result is the “affordability crisis” that dominates our politics today—which is really a sanitized way of saying that conditions of poverty are creeping up the income ladder.

To address these systemic shortcomings in our safety net, the New Deal’s promise must be updated for the 21st century through new systems of countervailing economic power. Instead of a safety net that tries (and fails) to help people *survive* the economy,

¹ “Social safety net” is a term without a universally accepted definition. In discussing the contemporary social safety net, I refer to the broad sweep of federally assisted antipoverty programs, which includes social insurance programs like Social Security, unemployment insurance, and Supplemental Security Income; health programs like Medicaid and Medicare; in-kind benefit programs like the Supplemental Nutrition Assistance Program (SNAP) and Head Start; block grant programs like Temporary Assistance for Needy Families (TANF) and the Low-Income Home Energy Assistance Program (LIHEAP); and tax credits like the Earned Income Tax Credit (EITC) and Child Tax Credit (CTC).



we need a power base that helps people *shape* it. This report argues for a new antipoverty system that braids market policy and social policy together to combat conditions of poverty at the sector level, shifting away from a patchwork of reactive programs toward a system that can plan and make investments. As our economy faces potential upheaval and disruption in the age of AI, building an antipoverty system with these capacities is urgent.

This report is rooted in my experience working on family poverty as a policymaker at the White House and in city halls. I experienced a yawning gulf between the standard center-left defense of a big government safety net and the lived reality for millions of low-income families, who often experience the government’s “help” as undignified, demoralizing, and disempowering. To be clear: Acknowledging the limitations of the current safety net is not a license to dismantle it, as some conservative lawmakers seek to do through cruelty and carelessness. Rather, it is a call to build a system that doesn’t just keep people afloat but enables them to stand on solid ground, with the power to direct their own lives.

I. Pivoting to Power

This report calls for a pivot in antipoverty policy: from *delivering programs* to *rebalancing power*. The idea of a safety net, a set of programs woven together to catch people if they suffer financially, has proven too passive to confront the crises of downward mobility, concentrated corporate power, and wealth inequality that lead to the financial exploitation of millions of Americans. Instead, we need an affirmative *system of countervailing power* that builds up the economic power of Americans in poverty while breaking apart the concentrated power that fuels inequality.

Core to this argument is the idea that economic security is an insufficient framework. Scholars have long recognized that income is a woefully incomplete way to measure human thriving. Poverty runs much deeper than household finances; it is deprivation of freedom (Royce 2009; Sen 1999). Low incomes have metastasized into limited agency. Poor Americans have constrained power in our economy, as wealth inequality soars; in our pay-to-play political system, where concentrated wealth generates disparities in political power ([Rahman 2018b](#)); and in our cultural life, where poverty itself is a form of exploitation and civic alienation (Desmond 2023). But safety net programs still reflect a one-dimensional approach to ending poverty: supplementing income, without more comprehensively ensuring that families have the economic power to self-direct their lives. This approach does not reflect people’s desires for their financial lives. Americans do not want to merely survive our economy; they want to be owners, to experience prosperity, to build wealth for their families, to have real financial choices, and to shape the markets they participate in.



Progressive thought leaders have called for new policy models that confront power imbalances by degrading concentrated power and combating rising authoritarianism. K. Sabeel Rahman calls this approach “policymaking as power-building.” He argues that “in an era of increasing (and increasingly interrelated) economic and political inequality, we must design public policies . . . in ways that rebalance disparities of power—and in particular, institutionalize the countervailing power of constituencies that are often the beneficiaries of egalitarian economic policies, yet lack the durable, long-term political influence” ([Rahman 2018b](#)). As Alexander Hertel-Fernandez has starkly warned, pro-democracy policymakers must “learn to build power through policy or cede political ground to those who will use such tools to undermine democracy” ([Hertel-Fernandez 2025](#)). Other progressive economists have argued that our vision for a post-neoliberal economy must eliminate economic centers of power that distort our democracy ([Stiglitz 2024 \[PDF\]](#)).

This report seeks to extend these power-shifting frameworks into the context of the social safety net, which has received insufficient attention as an area for safeguarding our democracy. Our broken safety net has been profoundly damaging for our democracy. The social safety net is the principal site of interaction between working-class Americans and the government. The way the safety net treats working-class people plays an outsized role in building or breaking their trust in the American project. Because that safety net has tolerated mass-scale poverty, it has effectively eroded the civic power of low-income Americans.

That’s wrong on its own terms, but feelings of economic powerlessness are also a breeding ground for authoritarianism. Evidence suggests that individuals who perceive a failure of social policies to protect them from economic dislocations and shocks are more likely to shift toward right-wing populism. Similarly, experiences of community and regional decline, unaddressed cost-of-living crises, loss of dignity at work, and declining social status can all increase support for antidemocratic movements ([Hertel-Fernandez and Strom 2025](#)). In short, the failure to correct widespread economic insecurity chokes democratic legitimacy.²

Fissuring Market and Social Policy Creates a Power Vacuum

A core reason the contemporary safety net fails to balance power is that it largely operates through a framework of market fundamentalism. Across vastly different types of antipoverty programs, a common neoliberal logic emerges: Subsidizing participation in private markets is assumed to be the most efficient way to address poverty. This demand-side approach subsidizes incomes or provides in-kind help so people can buy groceries or pay for utilities or rent, while making limited interventions to ensure

² As Joseph Stiglitz has argued, the failure of neoliberalism “has led to the weakening of democracy. There has been a growth of authoritarian populism not so much in the countries that have done too much but in those that have done too little” ([Stiglitz 2024 \[PDF\]](#)).



fairness in those markets. Indeed, “governments are increasingly relying on imperfectly competitive intermediaries to deliver subsidized benefits. The fiscal magnitude of this shift is staggering. In health insurance alone, for example, the US government spends \$0.6 trillion annually in subsidies for products provided by private firms” ([Polyakova and Ryan 2019 \[PDF\]](#)).

Ultimately, working-class families must attempt to survive in the gap between an insufficient safety net and unfair markets. The result is the “affordability crisis” that dominates our politics today—which is really a sanitized way of saying that conditions of poverty are creeping up the income ladder.

At best, these models have failed to correct systemic imbalances of power in our economy, allowing private firms to capture public investments ([Polyakova and Ryan 2019 \[PDF\]](#)). At worst, they are coercive and diminish the personal freedom of Americans in poverty. For example, some parts of the safety net subsidize poverty wages while mandating participation in the private labor market. Pushing low-income people into private markets to address poverty, without sufficiently regulating those markets or

creating public alternatives where markets have failed to produce and distribute goods fairly, has diminished power for Americans in poverty. And running the safety net this way has created a backdoor corporate welfare system that concentrates economic power asymmetrically.

This gap between market policy and social policy has failed to build the power of low-income people, while allowing concentrated power to degrade their freedom. But our demand-side antipoverty system has also contributed to a zero-sum mindset about low-income people in the United States: Welfare benefits are presumed to help the poor at a cost to others. If those programs were designed to intervene in market conditions, they could be understood as putting pressure on corporate actors to the shared benefit of all workers and families.

On the Left, there is now a broad consensus that inequality of income and wealth are corrosive to our democracy, and that hard work is simply not a guarantee of success in America. But there are multiple liberal frameworks about how to address poverty. These tend to emphasize either *redistributive* (social policy) measures, to redistribute income and improve economic security, or *predistributive* (market policy) interventions, to end poverty by building worker and consumer power. The challenge, as the chart below illustrates, is that neither market policy nor social policy is capable of independently ending poverty in the US. Ending poverty will require new approaches that braid market and social policies together to build countervailing power for low-income Americans.



Social Policy Interventions

Policy Framework	Primary Tool	Relationship to Markets	Gaps and Implications for Power
<p>Delivery: Delivering the programs we have more effectively could lift millions more Americans out of poverty; deeper investments are needed to patch gaps in the system.</p>	<p><i>Redistributive:</i></p> <ul style="list-style-type: none"> ● reducing administrative burdens in antipoverty programs ● leveraging tech/AI to administer programs ● expanding investment in tax credits like the CTC 	<p><i>Accepts market structure:</i></p> <ul style="list-style-type: none"> ● provides vouchers and tax credits to use within existing markets ● imposes limited regulations on those markets 	<p>Improves access to programs but does not redistribute structural power. The safety net has structural deficiencies that run far deeper than can be solved through delivery alone. Deliverism has proven an incomplete political strategy in countering authoritarianism.³</p> <p>Efforts to modernize benefits delivery through private partnerships—like AI adoption—may further concentrate corporate power.⁴</p>
<p>Cash: Building an income floor below which no member of society can fall will dramatically reduce poverty and increase economic power.</p>	<p><i>Redistributive:</i> Providing unconditional cash transfers through programs like guaranteed income or child allowances to ensure a minimum living standard.</p>	<p><i>Accepts market structure:</i> Assumes that existing markets will meet people’s needs if they have more cash in those markets.</p>	<p>Cash improves autonomy and power for families,⁵ but it cannot independently resolve asymmetries of power. Without structural changes, cash transfers flow into uncompetitive markets. The markets that low-income people have access to are often especially extractive.</p>

³ Deliverism is “the approach to governing that assumes a direct relationship between changing economic outcomes and solidifying electoral support.” Scholars argue that deliverism “is proving ineffectual as a response to authoritarianism” ([Bhargava et al. 2023](#)).

⁴ Momentum is growing for liberal initiatives to make government services more efficient and nimble, offering more legitimate versions of a so-called Department of Government Efficiency. Some of these initiatives tap artificial intelligence: For example, the Gates Foundation, Ballmer Group, and other philanthropists have made a new investment of \$1 billion to improve the delivery of the safety net by using AI to help low-income families navigate moments of crisis ([Gates Foundation 2025](#)).

⁵ Advocates for unconditional cash transfers argue that they offer greater economic stability, dignity, and autonomy to families experiencing economic exclusion ([Hashash 2023 \[PDF\]](#)) and that, by extension, we can understand them as power-building at the family level. Advocates point to the successes of the Child Tax Credit expansion during the COVID-19 pandemic, which cut the child poverty rate in half in just one year, as evidence of this model’s success.



Market Policy Interventions

Policy Framework	Primary Tool	Relationship to Markets	Gaps and Implications for Power
<p>Labor organizing: Increasing worker power will reduce economic precarity and exploitation, and will allow the working poor to become members of the middle class.</p>	<p><i>Predistributive:</i> Improving labor protections, including:</p> <ul style="list-style-type: none"> • minimum wage increases • overtime protections • employer benefits 	<p><i>Regulates markets:</i> Regulates employers to advance worker power, raise wages, and address inequality.</p>	<p>Many vulnerable Americans cannot work, and so they cannot build power through stronger labor protections. They need other social assistance programs to ensure protection.</p>
<p>Antitrust: Regulating anticompetitive corporate practices that degrade worker power, raise prices, and impoverish communities. This can deconcentrate corporate power and address inequality.</p>	<p><i>Predistributive:</i></p> <ul style="list-style-type: none"> • enforcing antitrust law • enacting worker and consumer protections 	<p><i>Regulates markets:</i> Increases competition and corrects asymmetries of power at the market level, giving workers and consumers greater choice and autonomy.</p>	<p>Antitrust leaders may view some welfare programs as vestiges of failed neoliberal policy or argue that if markets were more fair, fewer safety net interventions would be needed to subsidize poverty wages. But this overlooks the powerful interaction of antitrust goals with the safety net.</p> <p>The antitrust framework may only partially build countervailing power for more vulnerable Americans, who struggle to be workers and consumers without social assistance—especially those facing intergenerational or entrenched place-based poverty, where greater competition may not resolve the absence of opportunity.</p>
<p>Abundance: Expanding supply to correct market distortions and address affordability crises. Argues that liberal policies, which emphasize demand-side interventions, have manufactured a scarce supply of the goods and services we need.⁶</p>	<p><i>Predistributive:</i> Expanding the supply of vital goods, like housing and energy, through:</p> <ul style="list-style-type: none"> • deregulation • zoning reform • public investment in innovation 	<p><i>Deregulates markets:</i> Deregulates markets to unlock supply. Assumes that expanding supply through deregulation and state investment will fix enough market distortions that growing affordability will lift all boats.</p>	<p>Abundance does not offer a clear vision for a safety net. While abundance may improve affordability in some sectors, especially housing and utilities, its investment strategies may reinforce the outsized role of the private sector in delivering public goods. This may further concentrate economic power in private hands.</p> <p>Strategies to deregulate markets to stimulate supply carry significant risks of deepening exploitation of poor communities.⁷ For example, deregulation could mean abandoning wage requirements for public works projects, which ensure financial security for workers.</p>

⁶ See Klein and Thompson 2025. While there are now multiple “varieties of abundance” across the political spectrum, these “abundances” share “the aspiration . . . to escape from a political economy defined by artificial scarcity, to create a world in which we solve problems primarily by unlocking supply.” Various abundance frameworks are still compatible with robust social insurance and other forms of redistribution ([Teles 2025](#)).

⁷ In many market contexts, a deregulated market has proven incapable of serving poor communities fairly. Some markets neglect to serve poor communities altogether because of misaligned profit motives. Markets that do serve low-income communities do so in extractive ways. Profit in the context of poverty often amounts to exploitation (Desmond 2023).



On the ideological Right, traditional conservative policymaking has taken a different (and harmful) view of the relationship between market policy and social policy. Many on the Right have long argued that some amount of inequality and scarcity in markets encourages economic competition and hard work.⁸ Self-reliance and independence from the safety net is viewed as the ultimate economic goal, justifying austere policy choices that make using the safety net undignified and complex. The assumption is that if using the safety net is uncomfortable, people will be motivated to work harder in the private market. Of course, these positions show a willful ignorance about the proliferation of low-quality jobs with poverty wages—which are made possible by conservative policies, like opposition to worker organizing and minimum wage increases. These positions also fundamentally miss that “robust safety nets broaden individual choice by ensuring that if people start new businesses, move in search of better jobs, or take time off for training, they won’t become destitute if things don’t pan out” (Kenworthy 2018).

As I argue in the following section, the progressive movement needs more than just unified opposition to conservative market and social policies. We need a more expansive progressive framework for ending poverty in America that brings market policy and social policy together, and puts power-building at the center.

II. The Power-Building Origins of Our Safety Net

Today’s social safety net originated in FDR’s power-balancing project. FDR took office in the midst of a devastating economic crisis. The Great Depression had left millions of Americans destitute and out of work.⁹ The New Deal was not just an emergency response to stabilize the economy—it was also a vast economic and regulatory project that sought to build up the economic power of dispossessed Americans and constrain the runaway private power that had caused the collapse.¹⁰

⁸ An emerging “pronatalist” movement on the Right may be complicating some of these long-standing policy priorities. Some conservatives may recognize that deregulated labor markets have created economic conditions that are hostile to family life. To promote a higher birthrate, some conservatives are beginning to advocate for more generous financial support for families with young children. But this movement tends to be grounded in opposition to reproductive rights and thus undermines individual power and choice, and it generally falls well short of reshaping market conditions to support worker power.

⁹ Not only had the unemployment rate reached 25 percent, but by 1932 over half of Americans had been reduced to part-time work as employers struggled to stay open. Two million Americans—including children—took to the roads in search of work. Banks, farms, and factories were collapsing across the country (Rauchway 2008). FDR’s predecessor, Herbert Hoover, had failed to marshal the power of the federal government to confront these crises. Hooverilles—desperately poor slums bearing his name—arose around the nation, monuments to the scale of the government’s failure to intervene (Hoff 2014).

¹⁰ Over the past near-century, historians have debated whether FDR’s New Deal was an ideologically cohesive economic agenda or an often-contradictory set of emergency actions that only cohere as an economic plan with the benefit of hindsight (Kennedy 2009; Rauchway 2008). Yet the New Deal was clearly about building economic security for the American people (Kennedy 2009).



FDR understood that economic freedom was a precondition for democracy. In 1935, he argued that “civilization of the past hundred years, with its startling industrial changes, has tended more and more to make life insecure” and that the government must ensure “some measure of protection to the average citizen and to his family” ([Roosevelt 1935b](#)). In 1938, FDR argued that there were “two simple truths about the liberty of a democratic people.” First, “the liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than their democratic state itself.” Second, the “liberty of a democracy is not safe if its business system does not provide employment and produce and distribute goods in such a way as to sustain an acceptable standard of living” ([Roosevelt 1938](#)). And in 1944 he argued, “We have come to a clear realization of the fact that true individual freedom cannot exist without economic security and independence. ‘Necessitous men are not free men.’ People who are hungry and out of a job are the stuff of which dictatorships are made” ([Roosevelt 1944](#)).

True to these words, the New Deal built a set of vast protective measures, a true social safety net, for the American people. It marshaled three muscular economic interventions to build countervailing power that operated together, not in isolation:

1. Launching national **social insurance** programs to give vulnerable groups income floors.
2. **Regulating markets** to build worker power.
3. Building **public options** where markets had failed altogether.

The New Deal’s Three Pillars of Power

Social insurance: FDR argued the federal government had a fundamental role to play in protecting Americans from the “hazards and vicissitudes of life” ([Roosevelt 1935a](#)). The New Deal did this by providing the first substantial federal support to unemployed and impoverished Americans through the creation of national social insurance programs, most importantly Social Security and unemployment insurance (Rauchway 2008). The Social Security system was particularly transformative because it provided direct federal-to-family delivery. By vesting American families directly in a set of guaranteed programs, the New Deal built a fundamentally new kind of economic backstop to protect families from the hazards of marketplaces. It also raised the national imagination for what the government itself could deliver directly to American families.

Market regulations: The New Deal also instituted new market regulations. Perhaps most importantly, it expanded worker power. The National Labor Relations Act built union density and protected the right to organize, while the Fair Labor Standards Act set a national minimum wage, gave workers overtime protections, and instated new child labor protections (Fishback 2018). The New Deal built additional economic security for American families by strengthening the Federal Deposit Insurance



Corporation, providing federal backing for the savings of ordinary people (Rauchway 2008).

Public options: FDR believed that public options, such as public utilities, could serve as “yardstick[s]” against which the private sector had to compete, benefiting the American consumer ([Cohen 2009](#)). For example, in creating the Tennessee Valley Authority, the New Deal offered public control over utilities to help expand affordable electricity in the South, forcing private power companies to compete on price and service (Rauchway 2008). Where labor markets were failing, the New Deal stepped in with public options, most notably in the form of public works programs. To combat high unemployment, the New Deal created jobs programs, including the Works Progress Administration, Federal Emergency Relief Administration, Civil Works Administration, and Civilian Conservation Corps, which offered work relief to Americans who were unemployed or poor. These federal job programs also came with a “security wage”—a new concept in American economic life that emphasized that workers deserved secure and predictable wages that provided them dignity and “independence from their employers” (Rauchway 2008). This put upward pressure on wages for all workers—in contrast to the contemporary work requirements advocated by conservatives, which put downward pressure on wages.

Grappling with the New Deal’s Exclusions and Contradictions

While the New Deal delivered vital reforms and built the American middle class, we must grapple with its exclusions and contradictions, which continue to taint the safety net.

Systematic racial exclusion: Communities of color were disproportionately affected by the Great Depression. In the midst of widespread unemployment, Black workers were last hired, first fired (Rauchway 2008). While the New Deal provided Black Americans access to some New Deal jobs programs, it did not offer a direct federal challenge to the Jim Crow order of the South (Kennedy 2009).

Even when couched in race-neutral language, major New Deal statutes systematically excluded people of color from economic relief or the promise of greater freedom and power. Labor protection laws and the Social Security Act itself excluded people of color from protection by denying coverage to the professions where workers of color were concentrated, like agriculture and domestic service. These laws also deferred implementation and enforcement to the state and local level, allowing Jim Crow discrimination to permeate program administration in the South. The result was that while the New Deal was a toehold into the middle class for millions of Americans, the poorest Black workers—including sharecroppers and domestic workers—were for generations cut out of the law’s promised economic security (Perea 2011; Derenoncourt and Montialoux 2020). At the same time, the New Deal’s housing policies amounted to a



state-sponsored system of segregation (Rothstein 2017). Its housing finance and production policies reinforced and accelerated patterns of redlining, deepening the foundation of the racial wealth gap that persists to this day (Faber 2020).

The racism hardwired into New Deal programs has metastasized into enduring disparities that remain in our safety net today. For example, even marquee social insurance programs like Social Security and unemployment insurance have replicated patterns of inequality over time by indexing benefits to unequal wages ([Johnson and Smith 2025](#)). These chapters, among others, emphasize that FDR's legacy included harmful and lasting civil rights violations ([Irons 1984](#)).

Orientation to work: The New Deal fundamentally strengthened worker power and sought to build a system where employment ensured a decent standard of living. But it also built its social safety net around the primacy of work. The most robust social insurance programs, like Social Security and unemployment insurance, were financed through payroll taxes and were designed to protect and reward workers. By contrast, the New Deal's welfare programs were limited to vulnerable groups deemed "unemployable," such as people with disabilities and single mothers. These programs were devolved to the states, where they were implemented unevenly, limiting their political strength and effectiveness (Bertram 2015).

Perhaps the New Deal safety net's orientation to work made good sense at the time, when the federal government was also strengthening worker power, providing public jobs programs, and raising wages. But orienting a social safety net around time-bound gaps in employment only makes sense if there is a simultaneous commitment to ensuring that life-sustaining wages are available. That is a commitment the United States has failed to make for decades.

Decentralization to states: While the most robust New Deal program, the Social Security system, was administered as a vested national system, New Deal programs that focused on the most impoverished and vulnerable communities were devolved to the states for delivery. For example, Aid to Dependent Children (the forerunner of today's Temporary Assistance for Needy Families) and programs to support blind Americans funded states to run their own systems (Bertram 2015; Fishback 2018). Indeed, proposals that would have required states to ensure minimum standards of "decency and health" in their relief programs were eliminated after Southern states protested (Rauchway 2008).

In many ways, the New Deal originated the pattern of federal-state partnership that is embodied in the unequal and administratively burdensome block grant system that characterizes much of the social safety net today. While the balance of federal and state administration of the safety net has changed over time, as evidenced by the shift toward federal administration of the Supplemental Security Income program in the



1970s ([Social Security Administration n.d.b](#)), as discussed in the next section, block grants are a significant hindrance to building a safety net that guarantees economic freedom.

III. How Today’s Safety Net Fails to Build Countervailing Power

The New Deal sought to build a base of economic power for American families by emphasizing strong central management of the economy, social insurance programs that pooled risk to protect ordinary people, and public options. But New Deal liberalism gave way to neoliberalism and market fundamentalism on both the political Left and Right. The neoliberal order, fueled by economic arguments that deregulation, lower tax rates, free trade, and the privatization of public services would lead to “trickle-down” economic growth, has resulted in greater inequality, stagnant wages, slower growth, increased monopolization, and declining economic mobility ([Konczal et al. 2020 \[PDF\]](#); [Stiglitz 2024 \[PDF\]](#)).

The result of that neoliberal logic is that today the safety net relies on private markets to respond to poverty. Our safety net provides insufficient subsidies on the demand side while failing to invest or intervene on the supply side. Those limited demand-side subsidies are also often locked behind aggressive means-testing regimes and work requirements. Instead of a power base for the working class, our safety net operates as a system of last resort. It offers weak protections and minimal support in times of precarity and crisis, and is vulnerable to extensive corporate capture.

Much of the social safety net today descends directly from the New Deal.¹¹ There is no doubt that antipoverty programs and tax credits have, over many decades, provided vital economic relief to millions of Americans. Some analysts argue that expansions to the safety net over the past 50 years, rather than gains in the economy, are the main drivers of lower poverty rates in recent decades ([Bahk et al. 2024](#)). Around 99 million Americans participate in at least one major safety net program ([Macartney and Ghertner 2023 \[PDF\]](#)). And in 2021, the United States achieved something breathtaking, cutting the child poverty rate by 46 percent in just one year, to the lowest level ever recorded, thanks to the expanded Child Tax Credit ([Burns et al. 2022](#)).¹²

¹¹ Significant swaths of the American social safety net are still authorized under the Social Security Act. Legacy insurance programs—Old-Age, Survivors, and Disability Insurance—are, of course, part of the legislation. In the decades following the New Deal, lawmakers sought to expand the scope of Americans protected by our social contract, adding programs like Medicaid and Medicare to the legacy Social Security Act ([Social Security Administration n.d.a](#)).

¹² But the next year, those gains were erased as the American Rescue Plan expansion lapsed. Remarkably, the single biggest antipoverty achievement in recent memory sparked almost no discernible political response ([Bhargava et al. 2023](#)) and struggled to build a political constituency to fight for its survival ([Michener 2023 \[PDF\]](#)).



Yet taken as a broad collective, the safety net as currently designed and operated has structural limitations that inhibit its ability to operate as a source of countervailing power. This is why simply delivering our existing antipoverty programs more effectively will not resolve America's poverty crisis. In the next sections I outline five of those structural limitations.

1. Social Policy and Market Policy Have Fissured, Creating an Opening for Abuses of Asymmetric Power

The three pillars that FDR built to protect working-class Americans—social insurance, market regulations, and public options—have faced degradation, deregulation, and disinvestment. But the problem for low-income Americans today is not just that each of these pillars has eroded: These three governing tools are now decoupled and uncoordinated. Families are stuck in the gap between an insufficient safety net and unfair markets ([Chao and Konczal 2025](#)). Being stuck in this gap leads to downward mobility and diminished power.

Governing structures have created a gap between subsidizing markets and regulating them.

Federal and state systems that subsidize a marketplace through safety net programs generally do not coordinate or share strategies with the regulators of that same marketplace. For example, an employer who is found to have engaged in wage theft against their employees can still receive federal workforce training investments ([Bustamante 2024](#)). In contrast, in other contexts, like civil rights enforcement, federal agencies have historically conditioned the use of federal dollars on compliance with nondiscrimination laws (though redress for discrimination is far too slow and reactive).

Tension can arise between the government's role as regulator and service provider. As William Darity Jr., Darrick Hamilton, and Rakeen Mabud describe: "Conventionally, the role of government in increasing market competition has taken two *antithetical forms*: (1) a withdrawal of government from service provision via privatization and the subsidization of the private sector or (2) a significant role as a regulatory authority that manages either industry structure or firm conduct" ([Darity et al. 2019 \[PDF\]](#), emphasis added). When program administration and regulation are spread between federal and state levels, as is the case in many safety net contexts, shared strategy between subsidizing and regulating industries has been especially difficult.



The safety net subsidizes exploitative markets.

The consequence of this uncoordinated approach to subsidizing and regulating markets is that parts of our safety net now operate as a pass-through to often-exploitative markets. Progressives have often described how “corporate welfare” occurs through loopholes in our nation’s tax code that corporations take advantage of. In reality, much of our nation’s antipoverty infrastructure quietly serves as its own variety of corporate welfare, funneling public dollars toward the same corporations that offer poverty wages and require workers to use the safety net to make ends meet. A few examples demonstrate this problem across safety net programs.

SNAP: Millions of Americans rely on SNAP to afford groceries. SNAP gives recipients in-kind benefits through Electronic Benefit Cards (EBT) that can be redeemed at grocery stores for approved products. Yet the grocery industry that is subsidized by SNAP is profoundly anticompetitive. Let’s take Walmart as an example. A whopping one in four SNAP dollars is spent at Walmart, dwarfing all other grocery chains ([Redman 2023](#)). Walmart has long been recognized as the single largest corporate beneficiary of the SNAP program ([Clark 2014](#)). Meanwhile, Walmart was also one of the most prevalent employers of individuals who rely on food stamps to make ends meet ([US Government Accountability Office 2020](#)). And Walmart has a long history of preventing union organizing among its workers ([Greenhouse 2015](#)), and has engaged in egregious anticompetitive behavior. By 2010, Walmart had imposed restrictive covenants on the sites of 250 stores it had closed, prohibiting them from becoming other grocery stores to lock out competitors. The resulting food deserts are part of a nationwide trend in flagrant monopoly behavior among national grocery chains ([Leslie 2022](#)).

LIHEAP: Other safety net programs similarly provide considerable federal investment in industries with declining competition. LIHEAP is a federal block grant program that provided nearly 6 million households with over \$6 billion in utility subsidies in 2023 to help offset heating and cooling bills ([US Administration for Children and Families 2024](#)). These subsidies flowed to a utility sector where deregulation has led to rising utility costs. One state consumer watchdog found that consumers receiving public utility assistance were charged on average nearly 50 percent more than other customers’ on their utility bills, reflecting a pattern of unfair and deceptive practices by utility companies ([Patterson and McGinty 2021](#)).

Medicare: Medicare faces backdoor privatization. Over half of Medicare recipients no longer receive their health insurance through the government’s public-option health insurer for seniors, but through a Medicare Advantage plan operated by a private insurer receiving subsidies from Medicare. Medicare Advantage plans have expanded rapidly, and we are on course to see 60 percent of Medicare users enrolled in Medicare Advantage in the next decade ([Van de Water 2025](#)). Medicare Advantage plans were established under the assumption that private insurers would operate more efficiently



than a government-operated insurance system and would pass the savings along to consumers through better-quality care, but in 2024 alone Medicare paid over \$80 billion more to Medicare Advantage insurers for the cost of coverage than if those same seniors had been enrolled in traditional Medicare ([Keyser and Ducas 2024](#)).

Some consumers prefer Medicare Advantage plans, especially because they often cover services like dental and vision that traditional Medicare does not ([Fuglesten Biniek et al. 2022](#)). But the subsidy structure incentivizes Medicare Advantage insurers to make extensive use of prior authorizations, complex processes that can increase administrative hassle for patients and result in coverage denial. The number of prior authorizations used by Medicare Advantage insurers has been steadily rising: Medicare Advantage insurers made a staggering 50 million prior authorization determinations in 2023, while traditional Medicare submitted just 400,000 prior authorizations the same year ([Fuglesten Biniek et al. 2025](#)).

Meanwhile, the Medicare Advantage marketplace is highly concentrated. Just two insurers, UnitedHealth and Humana, carry 40 percent of Medicare Advantage plans ([Fuglesten Biniek et al. 2022](#)). These dominant insurers have been accused of engaging in fraudulent and deceptive practices to game the Medicare system. A recent investigation conducted by the US Senate found that UnitedHealth had “systematically added diagnoses to patients’ records that triggered billions of dollars in extra federal payments” ([Weaver and Mathews 2026](#)). Those allegations follow numerous investigations into anticompetitive behavior by UnitedHealth, the largest health conglomerate in the country ([American Economic Liberties Project n.d.](#)). Separate litigation brought by the Department of Justice alleges that other major insurers, including Aetna and Humana, have paid hundreds of millions of dollars in kickbacks to insurance brokers to “steer patients into the insurer’s Medicare Advantage plans . . . while also discouraging enrollment of potentially more costly disabled beneficiaries,” resulting in patients purchasing coverage that did not actually meet their health needs ([Appleby 2025](#)).

Yet Project 2025, the Heritage Foundation’s extreme right-wing policy blueprint, calls for further privatizing Medicare by expanding Medicare Advantage. It would make Medicare Advantage the default enrollment option for all seniors, which would amount to a “multibillion-dollar annual giveaway to corporations at the expense of Medicare enrollees and taxpayers” ([Keyser and Ducas 2024](#)).

To be clear: All of these safety net programs play important roles in improving economic security. Low-income Americans need help affording groceries, utilities, and medical care. But that doesn’t mean this is the right way to structure a safety net to build the economy and democracy we need. You would be hard-pressed to find a low-income American who says they like this arrangement: working a low-wage job that they must supplement with a patchwork of federal programs. While some kinds of



demand-side subsidies, especially cash transfers, are valuable because they give families choice and dignity, operating the safety net almost entirely by subsidizing demand isn't working. The safety net is subsidizing broken markets.

The lack of market regulations makes the safety net itself less effective.

Because the social safety net largely provides demand-side subsidies to low-income Americans to help them participate in markets, it follows that insufficient market regulation degrades the effectiveness of the safety net. According to a study of Affordable Care Act marketplace subsidies, “When imperfectly competitive intermediaries provide a subsidized good, the market power of these intermediaries can interfere with distributional objectives of the policy-maker. These results cast doubt on the effectiveness of the common approach of incorporating distributional policy instruments into environments where a publicly subsidized good is privately provided” ([Polyakova and Ryan 2019 \[PDF\]](#)).

The gap between social policy and market policy has led to poverty profiteering.

The gap between the safety net and markets creates a massive opening for industries that profit off poverty. One such industry is extractive financial services. Because the safety net today does not sufficiently protect low-income Americans from economic precarity, income volatility, or price shocks, struggling low-income Americans increasingly turn to risky financial services like payday loans, buy-now-pay-later, and pawn and auto loans to make ends meet ([Fulford et al. 2025](#)). These industries profit because the safety net fails to keep families financially secure.

Other industries that receive significant subsidies from the social safety net include management consulting firms, payment services firms, and data brokers that receive enormous contracts to operate antipoverty programs. Because of pervasive gaps in state capacity, the government is increasingly privatizing the operations of antipoverty programs ([Herd et al. 2023](#)). This enables third parties to exploit the government's “technical debt” and extract value through long-term contracts ([Lomastro 2025](#)). Lucrative contracts are more accessible to politically influential private social services companies (Ballard 2003). This privatization demonstrates how the social safety net is often a leaky bucket, with many dollars failing to actually reach low-income Americans (Desmond 2023).

As a recent analysis by Luke Farrell demonstrates, our neoliberal obsession with complex eligibility requirements has created a “means-testing industrial complex.” Farrell's analysis shows that Equifax, a data broker whose market dominance has allowed it to control the data rights of 99 million American workers, has now largely monopolized the income verification system that safety net administration relies on. This has allowed the company to extract “over \$800 million worth of contracts from the



federal government and state governments each year.” President Trump’s “big beautiful bill” promises a windfall for Equifax. The company stands to profit enormously from complex new eligibility rules that will double annual income verification requirements and strip health insurance coverage from millions of Americans ([Farrell 2026](#)). And, as Farrell argues, income verification is just one part of the “Rube Goldberg machine that comprises America’s rigorously means-tested safety net and its vulnerability to corporate capture.”

Similarly, Farrell shows how the management consulting firm Deloitte has captured the market for government Medicaid eligibility software, and holds \$6 billion worth of government contracts across 25 states. This has diminished public capacity for benefits administration, and the software itself is error-prone. Farrell notes that the federal government spends as much as \$10 billion each year on these government contractors, “more than the National Park Service, Consumer Financial Protection Bureau, and U.S. Secret Service annual budgets combined” ([Farrell 2026](#)).

Private equity firms also pose a growing risk to the quality of social services. Private equity has become a growing presence in many social services, and venture capital investment is particularly common in behavioral health services ([Reamer 2024](#)). More broadly, as one prominent professional services firm argued in a recent market analysis, private equity (PE) funds have a growing interest in acquiring government contractors because their reliable government contracts are “appealing to PE funds looking for profitable businesses with stable and recurring income” ([Gadrant 2024](#)).

2. The Safety Net Fails to Ensure Access to Public Goods

Our neoliberal safety net relies on private markets to distribute public goods. That model has often failed to ensure access to public goods, while creating dangerous asymmetries of power. As K. Sabeel Rahman has argued, actors in our economy who control access to public goods “can, in effect, construct systematic forms of inequality and exclusion, exacerbating systemic racial and economic inequities.” Those actors “can possess arbitrary power over end users by virtue of this very control.” As Rahman outlines, the state has often used an “exclusionary playbook” to condition access to essential public goods like housing, utilities, and healthcare, using strategies like bureaucratic exclusion, which makes access to public goods challenging; privatization, which transfers control of public goods into private hands; and fragmentation, which decentralizes the provisioning of public goods (Rahman 2018a).

Because our safety net principally subsidizes participation in private markets, it has also failed to build sufficient public options. Public options are particularly withdrawn from areas of the economy that contribute the most to household poverty. Childcare offers a stark example: The absence of public option infrastructure leads to unavailability and skyrocketing costs that put care out of reach for poor families. Head Start, the US’s only



major federal supply-side investment in childcare, reaches only a fraction of eligible children ([Bilik et al. 2025 \[PDF\]](#)). The result of withdrawn public investment in care infrastructure is that, in the words of then-Treasury Secretary Janet Yellen, “Child care is a textbook example of a broken market” ([Yellen 2021](#)). By contrast, the K-12 public education system is one of the strongest public options in the country. Many families experience considerable economic relief when a child enters kindergarten.

Housing is another example of how the absence of public goods creates a gaping hole in the most impoverishing parts of family life. Housing is the leading economic pain point for most families. There is no state or county in the United States where a full-time minimum-wage worker can afford a modest two-bedroom rental home ([Colon-Bermudez et al. 2025](#)), yet fewer than one in four eligible families receive federal rental assistance ([Castaldi 2025](#)).

3. The Safety Net Tolerates Precarity by Design

The safety net we have today is reactive and uncoordinated. This is shown in both the fragmented way assistance is provided to families, and the limited tools the safety net has to ameliorate poverty through central economic management.

The safety net fails to provide universal or coordinated support, creating precarity at the family level and widening inequality at the system level.

At the family level, a fragmented safety net forces low-income families to navigate a patchwork of decentralized benefits programs. Families must act as their own case managers and advocates, piecing together programs from numerous federal and state agencies. Each of those programs might set eligibility differently, with competing definitions of which family members count as part of the household, how many assets a family is allowed to have ([Boyens et al. 2024](#)), and confusing and punishing “benefit cliffs” that cut access to benefits if a family’s income rises modestly ([Anderson et al. 2022 \[PDF\]](#)). This patchwork is enshrined in legislation and cannot be solved through administrative delivery improvements alone.

Programs that nominally operate like universally available social insurance programs have also become difficult to access. For example, although unemployment insurance (UI) is supposed to be a fairly universal program that supports unemployed workers, today fewer than 30 percent of people experiencing unemployment receive UI benefits. This is a dramatic decline in program usage since the mid-20th century, with significant disparities between states ([Gwyn and Gerry 2023](#)).

Safety-net programs are stymied by administrative burdens that deny access to basic services and rights, and that worsen inequality ([Herd et al. 2023](#)). Administrative burdens reduce the effectiveness of programs, which could reach many more families if



access was easier. Consider that 30,000 people died in 2023 while waiting for the Social Security Administration to make a decision about their eligibility for disability insurance, as wait times for a determination climbed to over one year in some states ([Social Security Administration 2024](#)). These burdens impose a time tax on low-income Americans. Forcing families to navigate a mazelike system is clearly an inefficient way to support people in economic crisis. But the issue is deeper: When our safety net does not operate as a universal guarantee of security, it robs millions of Americans of dignity and power.

At a system level, administering the safety net through the states is failing. Our country does not have one TANF program; it has 50. Because many entitlement programs are administered by states, families with similar financial situations may receive considerably different support based on where they live ([Schmidt et al. 2021](#)). A common justification for block grants and other programs that let states set their own program rules is that they allow programs to be regionally tailored to meet community needs. In reality, these programs are administered unequally between states, meaning that your safety net assistance depends on where you reside (Michener 2018).¹³

The safety net is reactive, creating uncertainty for families and for our economy.

At a family level, the safety net often works reactively to catch families after an economic shock or crisis. The safety net typically does not have proactive levers to identify or support families before an emergency, and often is not designed to provide flexible support to quickly stabilize a family. By design, the safety net allows American families to experience destabilizing crises before providing support. Asset limits can force families experiencing a temporary bout of hardship to face much deeper levels of deprivation before they become eligible for assistance—for example, forcing a family to spend down modest rainy day savings before receiving help (Super 2020). Many safety net programs also impose time limits on eligibility for assistance, cutting people off from help before they have been able to improve their situation.

A further complication is that because many benefit programs are administered with inconsistent rules between states, the safety net is not portable. A worker whose employer closes down and who wants to move across state lines for opportunities likely cannot take her housing voucher with her, preventing her family from pursuing upward mobility.

¹³ A comparison of the Social Security program and the unemployment insurance system makes this clear. Though both programs are nationwide social insurance systems created by the New Deal, Social Security has a nearly 100 percent take-up rate because it is centrally administered at the federal level. But unemployment insurance, which is administered at the state level, is beset by administrative burdens. States have “raced to the bottom” to cut benefit levels, leading to lower usage rates ([Herd et al. 2023](#)) and reinforcing inequalities for workers of color in particular ([Hertel-Fernandez 2025](#)).



At a national level, our safety net is similarly reactive ([Hammond et al. 2023](#)). It's true that key safety net programs, like Medicaid and SNAP, are countercyclicals and act as automatic stabilizers during economic downturns. This is an essential and successful feature of our safety net and, as economists have argued, should be expanded before the next recession (Boushey et al. 2019). But the safety net lacks the capacity to proactively plan for or prevent economic disruption in the first place. Investments in active labor market policies to shape the future of work are woefully insufficient, and the safety net is too fractured to provide comprehensive protections during periods of economic upheaval and transition. In the near term, the United States faces the potential for major economic disruptions, including the possibility of significant job displacement caused by AI adoption, an economic downturn caused by tariff uncertainty, or the need to relocate frontline communities and workers affected by the climate crisis. Most current safety net programs do not have the legal authority or delivery system to work affirmatively to support or transition economically impacted communities. For example, workforce training programs that are intended to ease economic transitions are limited in number and reach too few Americans.

The safety net fails to invest in places of concentrated poverty.

Poverty is deeply concentrated by place in America. Researchers who created an Index of Deep Disadvantage found that by looking at poverty, health, and intergenerational metrics together, a clear pattern emerges: Hundreds of rural counties are places of concentrated and trapping poverty. These places of deep disadvantage, like Appalachia and the Cotton Belt, share a common history of “intensive resource extraction and profound human exploitation” (Edin et al. 2023). Communities of color are concentrated in many of these places. And the evidence is robust that place is hugely determinative of upward mobility (Chetty and Hendren 2018).

In spite of this evidence, most safety net programs operate at the family level rather than the area level. Federal mechanisms to invest in places of concentrated poverty are limited. Past efforts to address the effects of place-based poverty have emphasized moving low-income people away from their neighborhoods. While young children whose families received housing vouchers to move to higher-opportunity communities did see improved outcomes ([Chetty et al. 2016](#)), hollowing out neighborhoods is hardly a scalable or just solution. Other federal attempts to invest in disadvantaged communities, most notably federal Opportunity Zone tax credits for private investment in low-income neighborhoods, “simply don’t work—at least if the goal is to help lift low-income communities out of poverty rather than redistribute wealth upward, subsidize luxury real estate development, and facilitate gentrification” ([Weaver 2023](#)).



4. The Safety Net Imposes Coercive Requirements That Undermine Power

The safety net is built around the primacy of work, but it undermines worker power.

The safety net often conditions support on “deservingness” ([Nuñez and Rosinplotz 2025](#)), eroding power for poor people. This is most visible in the context of work requirements, which reflect the fundamental logic of the neoliberal safety net: Private employment is the only legitimate long-term source of economic security.¹⁴ As Eva Bertram has argued, the safety net has largely slipped from a system of “welfare,” as envisioned by the New Deal, to a system of “workfare” that conditions public assistance on private employment. This work-oriented safety net creates a “three-sided trap” for poor families: lack of assistance for poor people who cannot work, limited support for those in low-wage jobs, and very few paths to exit from low-wage jobs to middle-class jobs. The transition from welfare to workfare has occurred at the same time that deindustrialization and shifting economic conditions have made low-wage jobs incapable of supporting economic security (Bertram 2015).

Even safety net programs called “entitlements” are generally available only to those deemed “deserving” of support because they are current or former workers. But work requirements fail to improve economic security, in part because they are incompatible with the increasingly volatile hours and earnings low-income workers face ([Greenstein 2025 \[PDF\]](#)). Work requirements also undermine the power and autonomy of low-income Americans by mandating their participation in unfair markets. So do other coercive policies, like unemployment insurance policies in most states, which disqualify striking workers from receiving benefits ([Perez 2025](#)). As scholars have observed, administrative burdens like work requirements function as “a method of social control in rights-depriving venues, that is, citizen-state interactions in which people have involuntary contact with coercive state institutions” ([Herd et al. 2023](#)).

It’s remarkable that a safety net so fundamentally oriented to work offers remarkably few jobs. Work requirements are expanding against a backdrop of declining federal investment in workforce development ([Holzer 2023](#)), and unlike the safety net of the New Deal, the current safety net offers few job guarantees. Today, the patchwork of job-training programs and apprenticeship programs are underfunded to meet the scale of national need ([Holzer 2023](#)). At the same time, while people who rely on the safety net struggle to find jobs that pay living wages, some of the most important jobs in the

¹⁴ Indeed, today many safety net programs are designed to offer assistance only to those who cannot work and often for only limited time periods (like unemployment insurance, Social Security old age benefits, and disability insurance). Other programs operate with complex and punishing work requirements, creating extreme hardship for individuals who struggle in the job market. And many programs impose “benefit cliffs” that cut families off from assistance if their earnings increase modestly, as if small wage increases mean families no longer need any public assistance.



country—unpaid caregivers who sustain our families and communities—are altogether unrecognized and uncompensated by the safety net.

Coercive safety net policies are rooted in systemic racism.

At the root of the safety net's failure to build power are the many ways that systemic racism remains hardwired into antipoverty programs. For example, researchers have shown that states with greater shares of white residents tend to have fewer administrative burdens in their safety net programs ([Parolin et al. 2023](#)). Meanwhile, states with more Black residents tend to provide less generous welfare assistance ([Hardy et al. 2019](#)). Consider, too, that some parts of our safety net feel like systems of surveillance: For example, the child welfare system exposes half of all Black children to a child protective services investigation by the time they turn 18, compared to one in three white children. This disparity is driven by systemic racism, can exacerbate trauma in and of itself, and often does little to support child flourishing ([Thomas et al. 2023](#)). Indeed, “in light of centuries of exploitation and deceit—in criminal justice, housing, and safety net systems—working-class people of color are not wrong to mistrust government bureaucracies and institutions” ([Bhargava et al. 2023](#)).

5. The Safety Net Was Built for a Bygone Economy, Creating Dangerous Gaps in Support

Our current safety net programs are often painfully out of step with the economic conditions Americans face today. Poverty in the United States has become more trapping, with intergenerational mobility diminishing due to wealth inequality ([Markoff and Grober-Morrow 2025](#)).

An outdated poverty measure leaves millions of Americans locked out of assistance.

The safety net uses an outdated definition of poverty. The government generally defines poverty around a lack of income, and sets that one-dimensional measure far too low. This is true even of the newer and more nuanced Supplemental Poverty Measure (SPM), which unlike the Official Poverty Measure (OPM) counts more forms of government assistance in its measure of who is poor. For example, in 2023 the SPM set the poverty threshold at \$37,482 for a household with two adults and two children, but that same year the median annual rent for a three-bedroom house was over \$27,000, or 73 percent of the poverty line ([Shaefer 2025 \[PDF\]](#)).

For many Americans, the formal poverty line fails to reflect the economic conditions they actually face. For example, it is often more expensive to live with a disability in the US. Adults with disabilities spend on average over \$5,000 per year on disability-related goods and services, but these essential costs are not counted in the poverty line (Morris



et al. 2026). So when experts say that safety net programs have lifted millions out of poverty, they mean they have lifted these families just above a very low threshold that does not paint a full picture of their economic well-being.

The reality is that millions of families who aren't technically experiencing poverty by official measures are still poor. These families face deep financial precarity above the poverty line but don't qualify for assistance ([Frosch 2025](#)). And because the poverty line is focused just on household finances at a single point in time, being above the line does not mean that a family is experiencing stability, mobility, or well-being.

Today, we use the term “affordability crisis” to describe how nominally middle-class families struggle to pay for groceries and utility bills. That's a sanitized way of saying that millions of Americans above the poverty line are now experiencing conditions of poverty and cannot afford a decent life. The cost-of-living crisis that families face has been decades in the making, as wages have decoupled from the costs of housing, health care, childcare, and more ([Lowrey 2020](#)). The safety net today does not provide sufficient support to families who have been made economically precarious as prices have pulled away from incomes. Even families who are staying afloat month to month above the official poverty line may be unprepared to weather even a modest financial emergency.

The safety net has failed to adapt to fissuring workplaces and declining job quality.

The safety net today is fundamentally built around the primacy of work, but wrongly assumes that low-income Americans can find jobs with family-sustaining wages that provide economic mobility. This orientation to work is exceptionally coercive given the economic conditions working-class Americans face today. As one national survey demonstrates, 60 percent of workers lack a “quality job,” meaning, among other things, that they lack fair pay and benefits and don't have opportunities for growth. Over 60 percent of workers have unstable, unpredictable work schedules ([Gallup 2025](#)). Poverty wages are now a feature, not an aberration, of the American economy, and low-wage workers face growing income volatility (Super 2020). By one estimate, more than 53 million people, or 44 percent of all workers between the ages of 18 and 64, are low-wage workers, and one in four of these low-wage workers rely on the social safety net ([Ross and Bateman 2019 \[PDF\]](#)). Most social safety net beneficiaries are already workers or are members of a worker's household ([US Government Accountability Office 2020](#)).

Conservative deregulatory movements have fueled poverty by diminishing worker power, leading to declining job quality and rising inequality ([Hafiz 2022 \[PDF\]](#)), as well as the persistent existence of a class of “working poor” Americans ([US Bureau of Labor Statistics 2022](#)), which the New Deal reforms had sought to make a contradiction in terms. In fact, conditions of poverty among workers in the United States are so stark compared to other industrialized countries that they have drawn an investigation from



the UN Special Rapporteur on extreme poverty and human rights. The investigation found that the US federal government has failed to protect workers from poverty wages, some of the nation's largest employers engage in anti-rights behavior by failing to provide living wages, and the rise of platform-based and gig work is leading to dismal working conditions ([McDowell et al. 2023](#)). One of the most stark examples of poverty wages is the rise of "America's working homeless," which should be a contradiction in terms. These are people who work full time but nevertheless are living in encampments, cars, or extended-stay hotels because they cannot afford housing for their families (Goldstone 2025).

The safety net has failed to modify assistance to the working conditions Americans now face. For example, the COVID-19 pandemic further laid bare how gig workers and other workers who piece together multiple "side hustles" to make ends meet are often locked out of accessing unemployment insurance assistance that they have paid taxes into (Ravenelle 2023).

The safety net has failed to prevent a spiraling household debt crisis.

Because the safety net provides inadequate assistance and wages have not kept up with the cost of living, families face ballooning debt. Indeed, "gaps in unemployment and health care insurance benefits in the United States, combined with ready availability of consumer credit, have led to use of credit as *a self-financed safety net*, contributing to dramatic increases in personal bankruptcy filings" ([Bracher 2004](#), emphasis added). Consumer debt, medical debt, and student debt have made millions of Americans financially precarious ([Haverstic 2025](#); [Nuñez 2025](#)), and yet debt is generally not

factored into who the federal government counts as officially poor ([Fitzgerald and Moffitt 2022 \[PDF\]](#)) or who is eligible for means-tested programs ([Bianco and Moellman 2026](#)). If we accounted for debt in the way we measure poverty, we'd see that many American families are in a much deeper financial hole. In fact, "many households have income levels above their poverty threshold, but they are effectively 'debt poor' because interest payments on their consumer debt prevents them from being able to afford basic necessities. These households are not counted as poor according to the official poverty measure" ([Pressman and Scott 2010 \[PDF\]](#)). Our safety net has not protected families from a growing household debt crisis, and does not meaningfully help families resolve their debt.

Perhaps the New Deal safety net's orientation to work made good sense at the time, when the federal government was also strengthening worker power, providing public jobs programs, and raising wages. But orienting a social safety net around time-bound gaps in employment only makes sense if there is a simultaneous commitment to ensuring that life-sustaining wages are available. That is a commitment the United States has failed to make for decades.



At the same time, strict asset limits in many safety net programs may make families' debt crises worse. While causal evidence about the relationship between safety net program participation and household debt is complex ([Bianco and Moellman 2026](#)), policy analysts and scholars have long recognized that strict asset limits prevent families from building up their savings because “one additional dollar of assets can result in the loss of thousands of dollars per year in public assistance benefits” ([Chen and Lerman 2005 \[PDF\]](#)). Many families who face a financial crisis have assets that make them ineligible for even short-term safety net assistance, and as a result they are forced to rely on consumer credit instead of social insurance to bridge the emergency ([Bracher 2004](#)). While states can adopt different asset limit requirements, millions of households participate in at least one safety net program that restricts eligibility based on assets, suggesting that current safety net design systematically discourages families from building up their savings and makes families more reliant on risky consumer debt.

IV. From Safety Net to Power Base

Any future administration will have to address how the Trump administration has wreaked havoc on the social safety net. Yet patching holes in the safety net or restoring it to the status quo ante would miss a potentially generational opportunity to reverse downward mobility and inequality. Just as FDR used the inherited crisis of the Great Depression as a generational political catalyst for reform, if a progressive enters the White House in 2029, we must be prepared to reimagine, not simply restore, our nation's antipoverty system. That means reinvigorating the promise of the New Deal for the 21st century by integrating safety net functions into a system that builds up the power of economically disenfranchised Americans, while breaking apart the concentrated economic power that threatens our democracy. To restore democratic legitimacy, policy interventions must also go beyond attempting to keep families afloat. They must instead “affirm social standing, agency, and dignity, especially for individuals whose standing might feel threatened by changing economic, demographic, or social changes, thus tackling ‘nostalgic deprivation’” ([Hertel-Fernandez and Strom 2025](#)).

Five interventions would effectuate a shift from a safety net to a system of countervailing power. Across each of these interventions, it's important to acknowledge that the government's administrative capacity to deliver the safety net will be in shambles following the Trump administration. In addition to policy changes, the next administration must build the digital public infrastructure to create a 21st-century antipoverty system capable of delivering assistance effectively.



A Framework for Shifting from a Safety Net to Power Base

Vision: Create a system of countervailing power that builds up the economic power of Americans in poverty, while degrading the concentrated power that impoverishes and destabilizes Americans and threatens our democracy.

Intervention	Build Up Power for the People	Break Apart Concentrated Power
1. Braid market policy and social policy together with sectoral strategies for workers and families that correct asymmetric power in the sectors of the economy with the most impoverishing conditions.	Take a coordinated approach to ending impoverishing conditions in the labor market, and in key sectors like housing, child and elder care, utilities, food, and health care.	Use regulatory power to ensure conditions of fairness in markets that are essential for quality of life.
2. Shift away from subsidizing broken markets and toward directly provisioning public goods through public options.	Ensure a baseline availability of public goods to support family thriving and security.	Force broken markets to compete with public options on price and quality.
3. Shift away from a patchwork of uncoordinated programs, toward universal social insurance models that provide guarantees to address the precarity of our 21st-century economy.	Vest more Americans in guaranteed programs that provide economic promise and security while overhauling policies that create administrative burden.	Regulate the industries that profit from financial precarity, including the “means-testing industrial complex.”
4. Leverage antipoverty programs so that poor people can engage in collective action , while ending coercive safety net policies.	Enroll public benefit recipients into new collective action organizations, in addition to labor organizing.	Create bargaining power for low-income communities.
5. Shift away from a reactive safety net, toward a safety net that can plan and make investments . Invest in places of concentrated poverty and plan affirmatively for disruptive economic transitions.	Provide comprehensive investments to rebuild opportunity for Americans living in communities of concentrated poverty or in industries facing transition.	Intervene where extractive industries have hollowed out communities or will leave workers behind.



1. Braid market policy and social policy with sectoral strategies to end impoverishing conditions.

Rather than defending insufficient programs and protections that have failed to end poverty and that leave a gap between market policy and social policy, we instead need a sectoral approach to ending poverty that protects workers and families from asymmetries of power that lead to economic exploitation.

For workers, this means that our antipoverty system must first and foremost prevent impoverishing labor conditions. One way to do this is to use sectoral bargaining to raise wages and improve labor standards at the sector-wide level—using negotiating power across an industry, rather than at individual employers. A shift to sectoral bargaining would raise wages and help reverse the twin forces of inadequate minimum wages and declining union density ([Bustamante 2024](#)). This approach could also involve strengthening labor protections in the industries where the lowest wages are concentrated, and addressing the sector-wide labor abuses that result in poverty and economic precarity. For example, we desperately need nationwide protections against shift instability and algorithmic scheduling, which depress wages and make it impossible for families to predict their paychecks week to week ([Schneider and Harknett 2019 \[PDF\]](#)). Other needed reforms to labor protections include significant increases to the federal minimum wage and indexing minimum wages to inflation; safeguarding the right to organize; expanding overtime protection; and deepening investments in active labor market policies that expand access to high-quality jobs.

But these antipoverty labor protections cannot operate in isolation. We also need a wholesale reevaluation of the relationship between social policy and the labor market. As I've described earlier, our current system conditions assistance on employment, but allows low-quality jobs with poverty wages to proliferate, resulting in a coercive and ineffective gap between market policy and social policy. Just as the New Deal strengthened worker power as part of a broader approach to protecting Americans from economic hazards, we need a new sectoral approach to ending poverty that rebalances power throughout our economy.

This means we need an antipoverty system that works at the sector level to end asymmetries of power that create impoverishing market outcomes. That system would bring to bear all the tools the federal government has—social insurance, market regulations, and public options—at the sector-wide level to bring down costs and build consumer power, with an emphasis on the industries where broken markets are most impoverishing. Housing, health care, child and elder care, groceries, and utilities are five obvious sectors to target, given their outsized role in depressing the economic well-being of the American people. Other sectors, like higher education, where costs and debt limit upward mobility, also require this type of intervention.



A sectoral approach to ending poverty would mean, in practice, a very different approach to legacy aspects of our safety net. We must use both predistributive and redistributive approaches in coordination rather than alone. Market regulation would need to be coordinated with subsidies. This centralized approach will likely require new governing structures that coordinate enforcement, while maintaining (and, post-Trump, restoring) enforcement independence. Programs that rely on private actors to distribute public goods must ensure that those private actors are aggressively regulated to protect against poor services.

Another aspect of a sectoral strategy to ending poverty would be strengthening the capacity of antitrust enforcement for antipoverty work. Of course, antitrust enforcement may in and of itself reduce inequality. But there are opportunities to go further. As Eric Posner and Cass Sunstein outline, regulatory agencies could adopt more explicit enforcement priorities to target markets that are important for the lowest-income consumers, such as the food and health care sectors, which comprise big portions of low-income family budgets and are “notorious for the degree of concentration in crucial sectors and the ubiquity of anticompetitive behavior.” Antitrust enforcement could also prioritize labor markets where low-wage workers are concentrated, especially where significant income disparities by race and gender persist and where anticompetitive practices are common given the limited historical antitrust enforcement ([Posner and Sunstein 2022](#)).

2. Directly provision public goods through public options rather than subsidizing broken markets.

A system of countervailing power should accept that many markets have fundamentally failed to serve low-income communities, and would shift our public investment into public options rather than relying solely on private subsidies. Investing in public options is an essential pillar of any sectoral approach to ending poverty. As Sabeel Rahman has argued, “Given the difficulties of ensuring access and provision through regulatory oversight of private actors, renewed attention should be paid to direct public provision through public utilities and public options” (Rahman 2018a). Similarly, “Because of the failure of America’s markets-first approach to policy, the federal government should intervene by introducing public options that provide these essential goods and services in direct competition with private firms. Doing so will set soft ‘floors’ on wages and quality and ‘ceilings’ on price for private actors who are intent on providing important economic rights at a cost” ([Darity et al. 2019 \[PDF\]](#)). Health care, childcare, and elder care are areas where private markets have failed to ensure access to public goods. In these contexts, a public option may just be more effective than a tax credit or voucher (Sitaraman and Alstott 2019).

There’s another industry where public options are desperately needed: the financial services sector. We need vastly stronger protections for families against poverty



predation and rising debt. Building countervailing power will require getting poor people out from under the exploitative credit and lending conditions that limit their freedom and future prospects. A more robust safety net that actually keeps people financially secure would, on its own, go quite a way in choking off these predatory financial services by making people less economically vulnerable. But stronger regulations are also needed on unregulated sectors such as buy-now-pay-later, pawning, and payday lending. Public financial options are also needed, to give consumers more choice.

For example, a system of countervailing power could establish a public banking option ([Beyer 2025](#)), providing credit and lending programs that give low-income Americans access to a public lender with more advantageous and transparent terms. Those public options would be especially powerful in helping low-income Americans smooth income shocks to maintain financial stability, and to pursue economic mobility through founding and owning small businesses. For example, a national postal banking system would create a public option that provides greater access to basic financial services and gives consumers greater power in the financial market ([DiVito 2022](#); [Baradaran 2014](#)). Public-option banking would have another benefit: creating the digital public infrastructure we need to administer secure cash payments to unbanked households.

3. Shift toward social insurance models that provide universal guarantees to address the precarity of our 21st-century economy while overhauling policies to reduce administrative burden.

Instead of a patchwork of administrative programs that are complicated to navigate and provide piecemeal support, we should shift more of our social safety net toward universal guarantees that are centralized and predictable. National social insurance programs will create more countervailing power than diffuse programs for which only certain people qualify. The Social Security program, operated as a nation-to-family promise in which all Americans are vested, has proven remarkably effective at bringing down poverty for older Americans, and it is a source of power for families because it is reliable and a nearly guaranteed source of support. The safety net as a whole would be more effective at addressing poverty and building the economic power of families if more parts of the system worked this way: providing broader eligibility and coverage with consistent benefit levels available in a centralized place. Shifting toward programs that offer more secure guarantees of assistance would also mean adopting more proactive models of support, providing the flexibility to respond to risks before they are realized, such as intervening before layoffs to ensure that individuals can get support.

Moving to simpler and more universal programs is also essential for “curbing the neoliberal obsession with complex and federated means-testing that creates the opportunity for corporate capture” ([Farrell 2026](#)). Shifting from a safety net to a power base requires extracting the private contractors like Equifax and Deloitte that profit



enormously off of complex and diffuse benefits administration, and replacing them with digital public infrastructure. That digital public infrastructure, and the expanded state capacity that is needed to build it, is essential for enhancing and modernizing administration of the safety net.

Building universal guarantees of economic freedom may also mean consolidating programs that no longer succeed at ending poverty, like Temporary Assistance for Needy Families (TANF), and restoring more of the safety net to cash-based assistance, which provides dignity and autonomy. Instead of piecing together support from multiple government agencies, families should have one source of coordinated assistance through consolidated programs. We should also shift away from the diffuse administration of our safety net through state governments, including block grants, toward national administration of essential programs, while investing in community-based organizations that provide deeper support to people experiencing crisis or precarity.

4. Use antipoverty programs to support poor people’s capacity to engage in collective action, and end coercive safety net policies that erode personal power.

Building countervailing power requires that we facilitate collective action by poor people. Drawing on the practices of labor unions and tenant unions, the federal government could play a leading role in building new organizing power—for example, by creating grocery shopper unions for individuals who receive federal nutrition assistance, or patient unions for those who use Medicaid and Medicare.

Our safety net provides historical precedent for organizing welfare beneficiaries. The 1964 Economic Opportunity Act, a cornerstone of the War on Poverty, required the “maximum feasible participation” of low-income communities in new antipoverty programs. The federal government established local community action programs to mobilize community members and ensure their participation ([Melish 2010](#)). Similarly, the legacy of community-based organizations like the Association of Community Organizations for Reform Now (ACORN), which worked to mobilize welfare recipients for collective action, provides inspiration for an approach of blending service provision with organizing ([Brooks 2005](#)). These historical practices should be revised and reinvigorated to support 21st-century antipoverty organizing.

At the same time, we must also end coercive policies within the safety net that erode personal freedom and power. Work requirements are ineffective and out of step with the labor conditions low-income workers face in the 21st century, and they diminish worker power to the advantage of low-road employers. Similarly, policies that prevent striking workers from accessing unemployment insurance concentrate asymmetric power against the working class. An even broader approach, as described by Andy Stern, would be to think of expanded access to cash assistance as creating personal



“strike funds” to give workers more power in the labor market ([Kuttner 2016](#)). Across the board, removing the administrative burdens that waste the time of public benefit recipients would improve personal freedom.

5. Shift away from a reactive safety net toward a safety net that can plan and make investments.

We need a safety net that can plan for and manage economic transitions, rather than simply reacting after they occur. This means going beyond an expansion of automatic stabilizers (though we should do that too). A safety net that can plan would mean central coordination to prepare for economic transitions at the levels of place and industry.

Investing in places of concentrated poverty would require a fundamentally new level of coordination in our safety net. Various place-based strategies in the Obama and Trump administrations provide some lessons learned about opportunities and challenges in place-based poverty work, and the limitations of a place-based attempt that relies only on private-sector tax credits to spur investments. A successful federal antipoverty system would make significant and multifaceted investments in the communities that face deep and concentrated poverty. A safety net that affirmatively prepares for place-based economic crises could focus on readying communities for climate change, the arrival of a new data center, or the departure of a major employer, while ensuring corporations are also responsible for addressing disruptions they may cause.

Similarly, a safety net that plans at the industry level would require a system that actively monitors and prepares for sectoral transitions that could lead to upheaval for American families. Building on the limited and reactive trade adjustment assistance programs that exist today, a safety net could expand and deepen its investment in programs that help Americans transition to emerging sectors. For example, as artificial intelligence begins to alter labor market conditions in some sectors, a safety net should be actively preparing for job losses.

V. Conclusion

Poverty in the US is a policy choice. The ongoing destruction of the safety net by the Trump administration will worsen a crisis of mass poverty decades in the making. But our approach cannot be to restore the status quo. Instead, drawing on our progressive legacy, we should be prepared to marshal the coming crisis as a catalyst for transformation. Just as FDR’s New Deal built power for the American working class, we must be prepared to build a new 21st-century guarantee of economic freedom that marshals the full power of the state to secure economic power for the American people.



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