

Poverty in America

A Handbook

Third Edition

John Iceland



UNIVERSITY OF CALIFORNIA PRESS

Berkeley • Los Angeles • London

poor, regardless of overall standards of living. However, poverty is relative in that people's beliefs about the money needed to get along rises as overall standards of living rise. One way to keep an absolute poverty measure meaningful is simply to revise it by adjusting poverty thresholds every generation or so, or as needed. An alternative is the quasi-relative measure recommended by the National Academy of Sciences Panel on Poverty and Family Assistance, currently termed the Supplemental Poverty Measure by the U.S. Census Bureau. Because of its strengths, this measure is a viable candidate to supplant the current official U.S. poverty measure.

Characteristics of the Poverty Population

During a time of persisting unemployment and high poverty after the Great Recession, it was not difficult to find stories about people struggling to get by.

At a food pantry in a Chicago suburb, a 38-year-old mother of two breaks into tears. She and her husband have been out of work for nearly two years. Their house and car are gone. So is their foothold in the middle class and, at times, their self-esteem. "It's like there is no way out," says Kris Fallon. She is trapped like so many others, destitute in the midst of America's abundance.

There's Bill Ricker, a 74-year-old former repairman and pastor whose home is a dilapidated trailer in rural Maine. He scrapes by with a monthly \$1,003 Social Security check. His ex-wife also is hard up; he lets her live in the other end of his trailer.

There's Brandi Wells, a single mom in West Virginia, struggling to find a job and care for her 10-month-old son. "I didn't realize that it could go so bad so fast," she says.

Ken Bargy, 58, had to stop working five years ago because of his health and is now on disability. His wife drives a school bus in a neighboring town. He sends his children, 15 and 10, to school 20 miles away. In the back of the trailer, he offers shelter to his elderly mother, who is bedridden and dying of cancer. The \$18,000 the family pieces together from disability payments and paychecks must go to many things: food, lights, water, medical bills. There are choices to make. "With the cost of everything going up, I have to skip a light bill to get food or skip a phone bill to get food," he says. "My checking account is about 20 bucks in the hole."¹

In this chapter I take a closer look at exactly *who* the poor are, focusing on information collected from social and economic surveys. My goal is to provide an accurate portrait of the poor, describing their demographic profile, what kinds of hardships they experience, how long they tend to remain poor, and where in the United States they are concentrated. This baseline information is essential to both understanding the causes of poverty (the focus of chapter 5) and formulating policy responses that make sense (chapter 7). However, because a wholly statistical portrait of poverty is necessarily incomplete, it is important to remember that behind all of these numbers are names and faces, people whose stories are as varied as their number.

POVERTY IN THE UNITED STATES OVER TIME AND ACROSS GROUPS

Figure 3 shows poverty rates over time and for different age groups. After a steady decline in the American poverty rate between 1959 (the first year for which government statistics on poverty are available) and 1973, progress stalled, then poverty noticeably worsened in the wake of the severe economic recession of 2007–9 (discussed in detail in chapter 6). Whereas 22.4 percent of Americans were poor in 1959 and only 11.1 percent were in 1973, by 2011 the official poverty rate was 15.0 percent, indicating that 46.2 million Americans lived in poverty.²

The elderly experienced the most notable improvements in poverty over the period 1959 to 2011. The poverty rate among the elderly was 35.2 percent in 1959, considerably higher than the poverty rates for both children (27.3 percent) and those 18 to 64 (17.0 percent). But by the late 1990s, the elderly poverty rate was equal to that of adults 18 to 64, whose poverty rates remained stagnant after 1973, and by 2011, the elderly poverty rate, at 8.7 percent, was considerably lower than the poverty rate of adults 18 to 64 (13.7 percent). A great deal of the reduction in the elderly poverty rate is due to the impact of Social Security and other such programs. Meanwhile, child poverty rates declined from 1959 to 1973, only to rise thereafter. In 2011, 21.9 percent of children were poor—far higher than the poverty rate of others. Clearly, the social safety net does a better job of helping the elderly than children in the United States, reflecting the political muscle of older Americans today.³

Poverty rates vary by the measures used. Table 1 shows poverty rates across different demographic groups using the current official measure

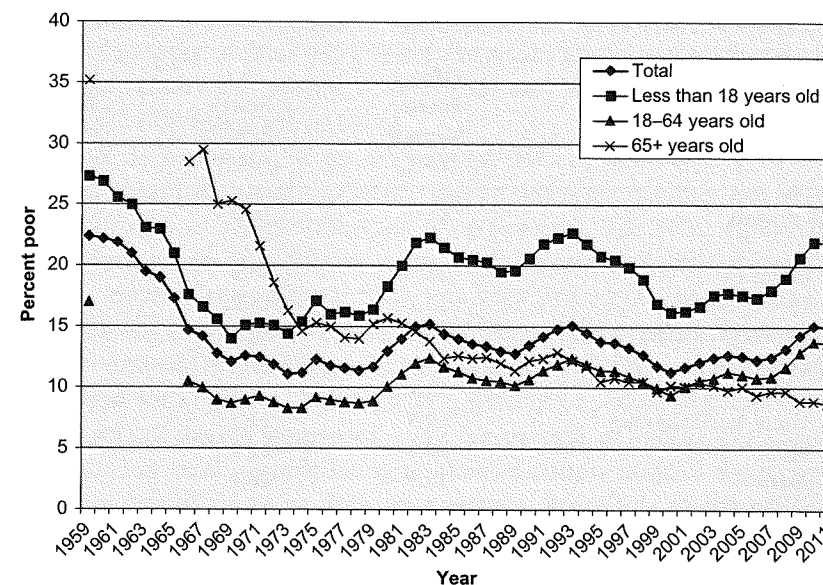


FIGURE 3. Official Poverty Rates by Age, 1959 to 2011. SOURCES: DeNavas-Walt, Proctor, and Smith 2012, table B2.

of poverty, a relative poverty measure, and the Supplemental Poverty Measure (SPM). As described in chapter 2, the current official poverty measure is an absolute one, where the thresholds are meant to represent a truly basic needs standard and remain constant over time. The relative measure has thresholds that change over time as standards of living change; the reasoning behind this measure is that individuals whose resources are significantly below the resources of others, even if they are physically able to survive, are marginalized from mainstream society. The relative threshold used here is equal to one-half the median household income in the United States adjusted for household size.

The SPM measure is a quasi-relative poverty measure combining absolute and relative elements. It is relative because the thresholds are updated based on changes in real expenditures for certain consumption categories but is less than fully relative because only basic categories of goods and services—food, clothing, housing, and utilities—are considered. The amount spent on these items tends to rise less rapidly than median family income. The SPM measure also aims to correct some of the technical deficiencies of the official measure. In particular, it aims to more accurately measure a family's disposable (net) income by including

TABLE 1 POVERTY RATES FOR INDIVIDUALS BY DEMOGRAPHIC CHARACTERISTICS

	Official Poverty Measure (2011)	Research SPM (2010)	Relative Poverty Measure ^a (2009)
All persons	15.0	16.0	19.5
Age			
Under 18	21.9	18.2	25.9
18–64 years	13.7	15.2	16.9
65 years and older	8.7	15.9	19.6
Race/ethnicity			
White	12.8	14.3	–
White, non-Hispanic	9.8	11.1	13.2
Black	27.6	25.4	34.1
Asian	12.3	16.7	–
Native American	29.5	–	–
Hispanic (any race)	25.3	28.2	33.2
Family type			
In married couple family	7.4	9.9	11.9
In female householder family	34.2	29.0	39.0
In male householder family	16.5	22.7	22.6
Homeownership			
Owner	8.0	9.7	11.3
Renter	30.5	29.4	37.4
Education (of those age 25+)			
Less than high school	25.4	–	–
High school	14.9	–	–
Some college	11.1	–	–
College graduate +	5.1	–	–
Citizenship status			
Native born	14.4	14.7	18.4
Foreign born	19.0	25.5	26.9
Naturalized citizen	12.5	16.8	17.8
Not a citizen	24.3	32.4	33.7

^a The relative threshold equals half the median family income adjusted for family size in 2009. See text for details.

SOURCES: The SPM measure is from Short 2011a. The relative poverty measure is from Short 2011b. Most of the official measure poverty rates, with the exception of those described below, are from DeNavas-Walt, Proctor, and Smith 2012. The Native American poverty rate is available only using the official measure in U.S. Census Bureau 2012i. Poverty rates by educational attainment are from U.S. Census Bureau 2012m. Poverty rates by family type are available are from U.S. Census Bureau 2012l.

noncash benefits, such as food stamps, and by subtracting nondiscretionary expenses, such as work-related expenses and out-of-pocket medical costs. Under this measure, thresholds also vary across geographic areas with different costs of living.

While 15.0 percent of the population was poor according to the official measure, poverty rates are higher when using either the SPM (16.0 percent) or relative measure (19.5 percent). The official poverty rate among whites was relatively low, at 12.8 percent. Among minority groups, poverty rates ranged from just 12.3 percent among Asians to 29.5 percent among Native Americans. More than one-fourth of both African Americans and Hispanics were poor as well. Education is highly correlated with poverty. Although 25.4 percent of people with less than a high school degree were poor, only 5.1 percent of college graduates were poor in 2011. People living in married-couple families were considerably less likely to be poor (7.4 percent, according to the official measure) than those in male householder (16.5 percent) or female householder (34.2 percent) families. Citizenship status also matters; native-born people and naturalized citizens have relatively low poverty rates, while noncitizens have a considerably higher one.

SPM poverty rates were higher than official ones, with the exception of poverty rates among children, African Americans, and renters. SPM poverty rates tend to be higher because of their reliance on higher poverty thresholds (see chapter 2). The SPM's inclusion of noncash benefits (such as food assistance) intended to improve the economic situation of the poor affects some of the patterns observed in table 1. They serve, for example, to lower the poverty rates among children more than among adults.⁴

Relative poverty rates are higher than both the official and SPM poverty rates, mainly because their poverty thresholds are also higher, though the patterns across groups tend to be similar, with a few exceptions. For example, while adults sixty-five and over have lower poverty rates than those eighteen to sixty-four when using the official poverty measure, the elderly have higher poverty rates than other adults when using the relative measure, mainly because many of the elderly have modest fixed incomes above the official poverty line but below the relative one.

THE DEPTH OF POVERTY AND MATERIAL HARDSHIP

The official poverty measure discussed above tells us something about the extent, or breadth, of poverty across demographic groups and over time, but only at specific threshold cutoffs. Figure 4 therefore shows

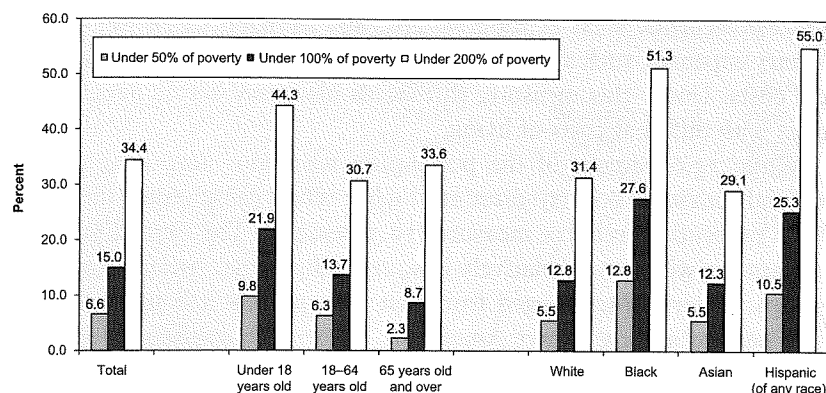


FIGURE 4. Ratio of Family Income to the Poverty Threshold, 2011. SOURCE: U.S. Census Bureau 2012k.

levels of “extreme” poverty (the proportion of people with family incomes less than half the official poverty threshold) and near poverty (the proportion with family incomes less than 200 percent of the poverty threshold). (The official poverty threshold was \$22,811 for a four-person family in 2011.) While the overall official poverty rate was 15.0 percent in 2011, a smaller proportion of people—6.6 percent—were in extreme poverty, while about a third of all people were near poor and poor. As might be expected, rates of extreme poverty are higher among children and African Americans and lower among whites, Asians, and the elderly.⁵

Table 2 shows reports of selected measures of four types of hardship: food security, health care, housing and neighborhood conditions, and meeting basic needs. About 14.5 percent of the population reported some level of food insecurity in 2010. Food insecurity is defined as a household having difficulty at some time during the year providing enough food for all their members due to a lack of resources. A smaller percentage (5.4 percent) reported very low food security, defined as insufficient food intake of some household members due to a lack of resources.⁶ With regard to health care, 15.7 percent of the population lacked health insurance, though a smaller proportion—6.8 percent—reported not seeing a doctor when it was necessary. Between 5 and 10 percent of households reported a problem with a leaking roof, pests such as mice or cockroaches, or a lot of trash or litter on their streets.

About 6.1 percent of households missed a rent or mortgage payment due to insufficient funds, nearly 1 in 10 missed a utility bill for

TABLE 2. PERCENTAGE OF PEOPLE REPORTING VARIOUS HARDSHIPS

	Percent
Food security ^a (2010)	
Food insecurity	14.5
Very low food security	5.4
Health care	
Did not have health insurance (2011)	15.7
Did not see a doctor when needed to (2005)	6.8
Housing and neighborhood conditions (2005)	
Leaking roof	4.9
Problem with pests in house	9.8
Trash or litter on streets	7.3
Meeting basic needs	
Unpaid rent or mortgage (2005)	6.1
Unpaid utility (2005)	9.8
Telephone disconnected (2005)	4.2
Reported not meeting essential expenses at one point during year (2005)	14.4
Children in families affected by a foreclosure (2007–9, annual average)	4.3
People using an emergency shelter during the year (2009)	0.5

^a Food insecure households had difficulty at some time during the year providing enough food for all their members due to a lack of resources. Very low food secure households are those where the food intake of some household members was reduced and normal eating patterns were disrupted due to limited resources.

SOURCES: Food security figures are from Coleman-Jensen et al. 2011. The proportion of people without health insurance is from DeNavas-Walt, Proctor, and Smith 2012. All 2005 figures are from U.S. Census Bureau 2009. Estimates of people using an emergency shelter are from U.S. Department of Housing and Urban Development 2010. Foreclosure data are from Annie E. Casey Foundation 2011.

the same reason, and 14.4 percent reported more generally that they were not able to meet an essential expense at one point during the year. In 2007–9, during the period when the housing bubble burst, over 4 percent of children per year lived in families affected by a foreclosure. The actual incidence of homelessness is considerably lower. In 2009, an estimated 0.5 percent of the population used an emergency shelter at some point during the year—though this still translates into 1.56 million people. On a single night in 2009, there were an estimated 643,067 sheltered and unsheltered homeless people nationwide.⁷

A significant number of poor American households own common consumer items, though there was variation across items considered. Figure 5 indicates that in 2009, 41 percent of poor households owned their own home, as compared to 68 percent of all households, and

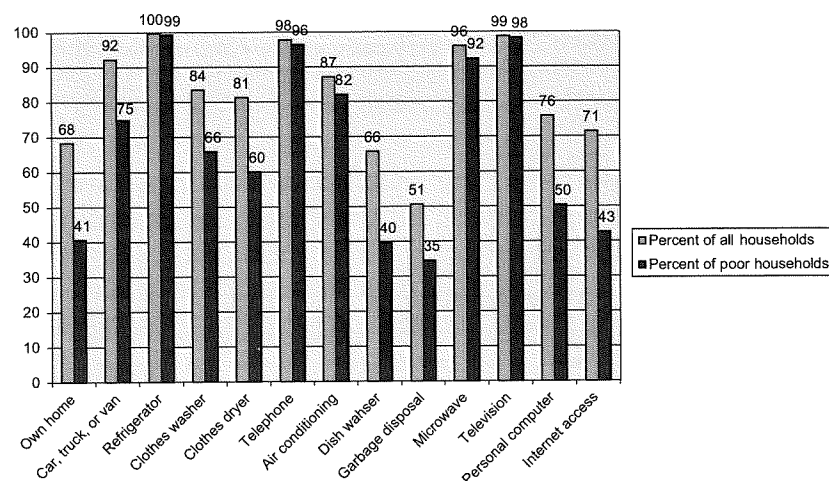


FIGURE 5. Percentage of Households with Various Consumer Goods, 2009. SOURCES: Most items are from U.S. Census Bureau 2011a. Data on possession of microwaves, televisions, personal computers, and Internet access come from U.S. Energy Information Administration 2009.

about three-quarters of poor households owned a car, truck, or van, compared to 92 percent of all households.⁸ Most people (poor and non-poor alike) owned refrigerators, telephones, microwaves, and televisions. However, about half of the poor lacked a personal computer, and more than half did not have Internet access at home. The fact that many poor households owned a number of the consumer goods listed suggests that poverty in the United States differs in nature from poverty in many developing countries (see chapter 4). In the United States a wide variety of consumer items are also available at a range of prices and quality levels. It is relatively easy, for example, to find a secondhand television for a few dollars in most places around the country at discount retailers, not to mention on Craigslist or eBay. Even used cars, although not within the reach of everyone, are not prohibitively expensive for a majority of people.

However, in the United States people who do not have access to a car may have trouble holding a job, given the decentralized character of many American cities and the inadequacy of many local public transportation systems. The poor also often pay more for goods and services than the nonpoor, as supermarkets offering low prices are less often located in poor urban neighborhoods or rural places than in affluent ones.⁹ It could also be argued that American families that do not own some basic

consumer goods may both feel marginal and be treated as such; they may lack sufficient income to, as Peter Townsend put it, “play the roles, participate in the relationships, and follow the customary behavior” of their society.¹⁰

One study examined how many Americans lived below a truly subsistence poverty line used to measure absolute poverty in developing countries—less than \$2 a day. It found that in 2011, 1.5 million families (less than 2 percent of all U.S. families) met this definition over the course of at least a month, but that this number had nearly doubled from 1996. When families’ receipt of food assistance is included in the measure of family resources, the number of extremely poor families was substantially smaller (795,000), indicative of the importance of this benefit.¹¹ For these very poor families, life is desperate:

Magdalyn March, 30, of Birmingham, Ala., can relate to those living in extreme poverty. In 2006, she lost a seasonal job at a packing warehouse, split with an abusive boyfriend and was caring for her two children. She received about \$200 a month in government cash assistance and \$282 in food stamps [well above the \$2 a day threshold].

March and her children lived in a motel when she was with her boyfriend. When he left, she couldn’t afford the room, and she and her children were kicked out. March stayed with friends and relatives for a few nights at a time but ended up in a homeless shelter.

She credits the shelter, First Light, with helping her find a job as a waitress at a chain restaurant and affordable day care. She says she still struggles. She needs glasses and has to go to the dentist but can’t afford it. March and her children are living with her mother now.¹²

THE DYNAMICS AND INTERGENERATIONAL TRANSFER OF POVERTY

Most poverty data come from studies conducted at one point in time or from annual studies conducted on a different set of people every year. It has only been in the last forty years or so, when researchers began analyzing new information from longitudinal studies (which follow the same set of people for several years) that a dynamic view of poverty emerged. The findings from these longitudinal studies surprised many people and changed the conventional wisdom about how individuals and their families experience poverty over time.

Previously, many believed that there was a permanently dependent “underclass,” mired in poverty year after year and utterly dependent upon the government or others.¹³ And, while surveys indicate that poverty is a

fairly constant feature of society—the poverty rate, for example, has fluctuated little, from about 11 to 15 percent, since the mid-1960s—the longitudinal data show that a majority of poor individuals remain poor for only short periods of time. Furthermore, a relatively high proportion of people experience poverty at one point during their lifetime.¹⁴ One study estimates that about half of Americans will experience at least one year below the poverty line between the ages of twenty-five and seventy-five. The likelihood of experiencing poverty varies considerably by race and education, with a majority of blacks, and nearly all blacks without a high school degree, experiencing poverty at some point, compared with well under a third of white high school graduates.¹⁵

Spells of poverty, however, tend to be short. Different studies have estimated that anywhere between 45 and 59 percent of individuals who enter poverty have a spell length of only one year, and 70 to 84 percent have a spell length of less than four years.¹⁶ Only 12 percent of poverty spells last ten years or more.¹⁷ Likewise, spells of serious food insecurity also tend to be short. Nearly four in five of people living in households with food problems in a given year no longer reported such food problems two years later.¹⁸ If we calculate poverty using a monthly rather than an annual time frame, we see even more turnover in the poverty population. For example, while 29 percent of all people were poor for at least two consecutive months from 2004 through 2006, only 3 percent of people were poor for every month during the same period of time.¹⁹ Of course, many of those who are poor for just a few months are people have higher annual incomes but work seasonally.

Despite the brief duration of many poverty spells, it is quite common for people who leave poverty to fall back into it some time later. In fact, when measuring poverty on an annual basis (the most common way), about half of those who end poverty spells return to poverty within five years. Accounting for multiple spells shows that approximately 50 percent of blacks and 30 percent of whites who fall into poverty in a given year will be poor in five or more of the next ten years.²⁰ This suggests that although the proportion of people who are chronically poor is low, there is a larger proportion of people who are economically insecure and at high risk of poverty.

A number of factors affect the length of time people are poor. As might be expected, people are less likely to escape poverty in recession years than in other years.²¹ In addition, the longer one is in poverty, the less likely it is that one will escape it. One's work skills may erode, or the growing gap in a resume may make someone less attractive to

employers over time.²² Families headed by white men tend to leave poverty more quickly than those headed by others, such as black women.²³ About 62 percent of whites who experience poverty are poor for less than four years, while only 39 percent of blacks who experience poverty are poor for less than four years.²⁴ The time in poverty for Hispanics falls in between.²⁵

A related issue is the extent to which poverty is passed from one generation to the next. According to conventional wisdom, the debilitating effects of poverty are passed on from generation to generation. The belief that people were trapped in long-term poverty was one of the motivations for President Johnson's War on Poverty.²⁶ If poverty is indeed routinely "transmitted" across generations and unequally distributed across demographic groups, U.S. norms of fairness and meritocracy can justifiably be called into question.

Research has shown that there is close to a 50 percent correlation between fathers' and sons' income, indicating that one's family background is quite important.²⁷ On the one hand, the good news is that the current generation of adults is generally better off than their parents, as median incomes in the United States have grown over time. For example, a 2007 study indicated that the median family income for adults who are in their thirties and forties was 29 percent higher than their parents at the same age (\$71,900 versus \$55,600, adjusted for inflation). Two out of three Americans have higher incomes than their parents.

On the other hand, because a child's economic position relative to others in society is so heavily influenced by that of his or her parents, 42 percent of children born to parents in the bottom fifth of the income distribution remained at the bottom, while 39 percent born to parents at the top fifth remained at the top. Only 6 percent of children born to parents at the bottom made it to the top of the income distribution.²⁸ As is discussed in more detail in chapter 4, this kind of relative economic mobility is, contrary to conventional wisdom, actually lower in the United States than in most of Europe.²⁹

Researchers argue about the factors that explain the significant correlation of income across generations. Three common theories focus on 1) family and environmental stresses, 2) resources and investments, and 3) cultural perspectives.³⁰ According to the family and environmental stress perspective, poor families experience high levels of stress in their everyday environments, and this may hinder children's development. The stress may be the result of difficulty encountered in paying bills and meeting other basic needs or from a general vulnerability to adverse

events. This psychological distress in turn affects marital and parenting relationships, with the result that parents may become more punitive and inconsistent and less nurturing and stimulating. This hampers children's socio-emotional, physical, cognitive, and academic development, which in turn increases their likelihood of becoming poor as adults. For example, because of family stress poor children may be more likely to act out in school, receive poor grades, and ultimately drop out of school.

According to the resource and investment perspective, children's development is affected by a combination of their "endowments" and parental investments. Endowments include both their genetic abilities and the values and preferences that their parents impart to them. These values may include an emphasis on doing well in school. Also important are the time and money that parents invest in children, such as by reading to them at night, purchasing books to further their education, paying for quality day care when they are young, or buying a house in a safe neighborhood with good schools. These investments help children learn, maintain good health, obtain a good education, and avoid poverty as adults.

According to cultural perspectives, poor people who are marginalized and have no opportunity for upward mobility respond by adapting their behavior and values. The resulting culture of poverty is characterized by "little impulse control and an inability to delay gratification, as well as feelings of helplessness and inferiority."³¹ This culture manifests itself in sexual promiscuity, drug use, a high incidence of single-parent households, and crime in poor communities. A common criticism of cultural perspectives is that often they do not differentiate the behavior of individuals from their values. Many of the poor actually share middle-class values, but they do not see how acting upon these values might eventually lead to success, leading them to behave in ways that are often self-defeating. For example, while many poor young women want to get married and see the benefits of marriage in an abstract sense, they may have children out of wedlock because not many people around them are getting married and there seem to be few "marriageable" men with stable employment with whom to form a lasting family (see chapter 5 for an expanded discussion of the possible role of culture in causing increases in nonmarital childbearing).³²

Thus, the research suggests that the first two perspectives—those that focus on family and environmental stress and on resources and investments—best explain the intergenerational transmission of poverty. However, it should be said that there is still uncertainty about the

contribution of each perspective, as it is often difficult to untangle the complicated connections between them.

THE GEOGRAPHY OF POVERTY

One's community is not only the site of many social interactions, but it can also greatly affect one's educational and economic opportunities. The economic, social, cultural, and political features of places vary tremendously across the United States. Many cities in the Northeast and Midwest, for example, had economies based on manufacturing for many years. Deindustrialization in the post-World War II era had a profound effect on people living in these cities. Many who had worked in manufacturing plants lost their jobs as plants closed and moved their operations to the South or outside the country. These people were forced to find other types of employment, and some became poor.

This type of local change helps produce considerable differences in the extent of poverty across states, regions, and metropolitan areas. Concentrated poverty—which refers to the high incidence of poverty in specific neighborhoods or groups of neighborhoods—also varies within specific metropolitan areas. These geographic dimensions of poverty are discussed below.

Poverty by Region, State, and Metropolitan Status

Poverty rates in the fifty states and the District of Columbia ranged from 8.8 percent in New Hampshire to 22.6 percent in Mississippi in 2011 (see table 3). Reflecting the national increase in poverty between 1999 and 2011, only one state (Wyoming) and the District of Columbia experienced declines in poverty over the period. The states experiencing the largest increases in poverty included Michigan (7.0 percentage points), Indiana (6.5 percentage points), and Georgia (6.1 percentage points), which experienced steep declines in manufacturing (including the auto industry) and/or construction over the period, especially during the severe recession in the last years of the decade.

Although poverty rates vary considerably by state, differences across broader regions are rather modest. In 2011 the poverty rate was a little lower in the Northeast (13.1 percent) and Midwest (14.0) than the South (16.0) and West (15.8). Historically, poverty rates have been lower in the Northeast and Midwest than in other parts of the country, and especially in the South. In 1969, for example, the poverty rate in the

TABLE 3 POVERTY RATES BY REGION, METROPOLITAN STATUS, AND STATE, 1999 AND 2011

	1999	2011	2011-1999 Change
U.S. total	13.1	15.0	1.9
Region			
Northeast	11.4	13.1	1.7
Midwest	10.2	14.0	3.8
South	13.9	16.0	2.1
West	13.0	15.8	2.8
Metropolitan area status			
Metropolitan areas	11.8	14.6	2.8
Central city	17.6	20.0	2.4
Suburbs	8.4	11.3	2.9
Nonmetropolitan areas	14.6	17.0	2.4
State			
Alabama	16.1	19.0	2.9
Alaska	9.4	10.5	1.1
Arizona	13.9	19.0	5.1
Arkansas	15.8	19.5	3.7
California	14.2	16.6	2.4
Colorado	9.3	13.5	4.2
Connecticut	7.9	10.9	3.0
Delaware	9.2	11.9	2.7
District of Columbia	20.2	18.7	-1.5
Florida	12.5	17.0	4.5
Georgia	13.0	19.1	6.1
Hawaii	10.7	12.0	1.3
Idaho	11.8	16.5	4.7
Illinois	10.7	15.0	4.3
Indiana	9.5	16.0	6.5
Iowa	9.1	12.8	3.7
Kansas	9.9	13.8	3.9
Kentucky	15.8	19.1	3.3
Louisiana	19.6	20.4	0.8
Maine	10.9	14.1	3.2
Maryland	8.5	10.1	1.6
Massachusetts	9.3	11.6	2.3
Michigan	10.5	17.5	7.0
Minnesota	7.9	11.9	4.0
Mississippi	19.9	22.6	2.7
Missouri	11.7	15.8	4.1
Montana	14.6	14.8	0.2
Nebraska	9.7	13.1	3.4
Nevada	10.5	15.9	5.4
New Hampshire	6.5	8.8	2.3
New Jersey	8.5	10.4	1.9

New Mexico	18.4	21.5	3.1
New York	14.6	16.0	1.4
North Carolina	12.3	17.9	5.6
North Dakota	11.9	12.2	0.3
Ohio	10.6	16.4	5.8
Oklahoma	14.7	17.2	2.5
Oregon	11.6	17.5	5.9
Pennsylvania	11.0	13.8	2.8
Rhode Island	11.9	14.7	2.8
South Carolina	14.1	18.9	4.8
South Dakota	13.2	13.9	0.7
Tennessee	13.5	18.3	4.8
Texas	15.4	18.5	3.1
Utah	9.4	13.5	4.1
Vermont	9.4	11.5	2.1
Virginia	9.6	11.5	1.9
Washington	10.6	13.9	3.3
West Virginia	17.9	18.6	0.7
Wisconsin	8.7	13.1	4.4
Wyoming	11.4	11.3	-0.1

SOURCES: 2011 U.S., region, and metropolitan area status figures are from DeNavas-Walt, Proctor, and Smith 2012. Figures for 1999 are from U.S. Census Bureau 2000. The 2011 state figures are from U.S. Census Bureau 2012g.

South, at 17.9 percent, was about double that in the Northeast (8.6 percent), and it was also much higher than poverty rates in the Midwest (9.6 percent) and West (10.4 percent).³³ However, the slow decline of manufacturing, which was once concentrated in the Northeast and Midwest, has taken its toll, helping to narrow these historical differentials over time. As shown in table 3, metropolitan areas have lower poverty rates than nonmetropolitan areas. Within metropolitan areas, central cities continued to have considerably higher poverty rates than suburbs, though here there was a small narrowing of the gap over the decade.

Some researchers have noted that there are some persistently poor and economically depressed rural areas, such as in the Mississippi Delta, Appalachia, the lower Rio Grande Valley, and the Great Plains.³⁴ Between 1980 and 2009, 706 U.S. counties experienced persistently high child poverty; 81 percent of these were nonmetropolitan counties.³⁵ These are areas where educational levels have traditionally been low and job opportunities scarce. Rural workers also tend to earn lower wages than urban workers.³⁶ Poor rural areas are often characterized by

spatial isolation, inadequate physical infrastructure, such as underfunded public transportation and schools, and limited social support services.³⁷ While the poor in Appalachia are predominantly white, the poor in other rural pockets tend to be minorities, such as African Americans in the South, Mexican-origin inhabitants in the South and West, and Native Americans on reservations. Researchers Daniel Lichter and Martha Crowley have noted, "Many Americans assume that disadvantaged minorities are concentrated exclusively in urban ghettos, but some of the most impoverished American minorities live in isolated, economically depressed rural areas."³⁸

Concentrated Urban Poverty

What is so important about concentrated poverty? It is significant because many problems, such as crime, welfare dependency, drug use, out-of-wedlock births, and unfavorable health and educational outcomes, are most prevalent in high-poverty areas. Poor people living in these neighborhoods are often isolated from mainstream society both spatially and socially. Their families therefore must often cope not only with their own poverty, but also with the problems that come from hundreds of other poor families living near them.³⁹

The spatial concentration of poverty in American cities gradually increased in the twentieth century. Social historians who have reconstructed urban neighborhoods describe how in the nineteenth century the poor were generally clustered into pockets and alleyways near the homes of the affluent, although there were some exceptions in large cities.⁴⁰ Class and racial segregation, especially in Northern cities, began increasing in the first decades of the twentieth century as the black population began to swell with the Great Migration North of Southern blacks. At the same time, improvements in transportation and the rise of the automobile industry made the suburban lifestyle more accessible. After World War II, suburbanization surged dramatically; early suburban migrants were overwhelming white and middle class.⁴¹

It was not until the 1960s and 1970s that people began to talk about sharp increases in "ghetto" or "barrio" poverty, the rise of the "underclass," and increases in "concentrated" poverty. The term *ghetto* or *barrio poverty* connotes both economic and racial and ethnic population concentrations. The term *underclass* typically refers to "nonnormative" behaviors present in many high-poverty neighborhoods, such as dropping out of school, having children out of wedlock, receiving

welfare, having low attachment to the labor force, and abusing drugs and alcohol. Concentrated poverty refers more strictly to neighborhoods with high poverty rates. By the 1980s and 1990s, the popular press, pop culture, and academic research were paying considerable attention to the explosive growth of inner-city poverty in large metropolitan areas and its accompanying problems. In particular, they focused on poor and—implicitly or explicitly—dysfunctional black communities.⁴² The early 1990s, for example, saw the release of popular movies *Menace II Society*, *Boyz n the Hood*, and *New Jack City*, each of which described (and some might say glorified) the life of gangsters living in the ghetto, perhaps as the movie *The Godfather* did for the Italian mafia of an earlier generation.

High-poverty neighborhoods are typically defined by researchers as those where over 40 percent of the population is poor, though 20 and 30 percent thresholds have sometimes been used. Qualitative research suggests that neighborhoods where 40 percent or more of the residents are poor tend to have a "threatening appearance, marked by dilapidated housing, vacant units with broken or boarded-up windows, abandoned or burned-out cars, and men 'hanging out' on street corners."⁴³ Here I focus on concentrated poverty statistics using the 40 percent cutoff.

Research has confirmed that concentrated poverty increased rapidly during the time of growing interest in, and concern about, this issue. Although overall metropolitan area poverty rates were relatively stable between 1970 and 1990, the number of people in high-poverty neighborhoods nearly doubled, from over four million to eight million, over the same period. Nearly half of the people living in these areas were themselves poor.⁴⁴ Whites, African Americans, and Hispanics all had increases in their numbers living in high-poverty areas over the period from 1970 to 1990. For whites and Hispanics, the biggest increases occurred in the 1980s. For blacks, it was fairly evenly spread over the 1970s and 1980s.⁴⁵

Since the early 1990s, however, the intense interest in concentrated poverty has dimmed a bit. Not coincidentally, analyses of the 2000 census showed a rather dramatic pivot: between 1990 and 2000, after decades of growth, the number of people living in high-poverty neighborhoods declined by 24 percent. Concentrated poverty declined among all racial and ethnic groups, with the largest decline among African Americans.⁴⁶

Nevertheless, in the wake economic downturns in the 2000s, it appears that concentrated poverty once again increased, with the

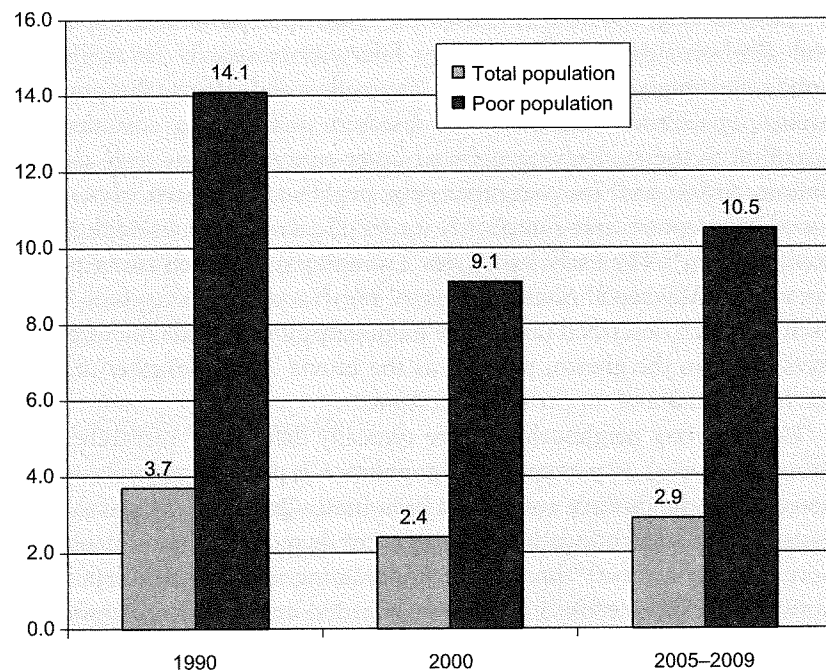


FIGURE 6. Share of Total Population and Poor Population in High-Poverty Neighborhoods, 1990 to 2005–2009. SOURCE: Kneebone, Nadeau, and Berube 2011, figure 1, p. 6.

population living in high-poverty neighborhoods rising by a third between 2000 and the 2005–9 period. By the end of the period, 10.5 percent of poor people in the United States lived in high-poverty neighborhoods, up from 9.1 percent in 2000 but significantly below the 14.1 percent rate in 1990 (see figure 6). The share of individuals in higher-poverty neighborhoods who are black slightly declined over the period, so that in 2005–9, 17 percent of the people living in high-poverty neighborhoods were white (an increase from 11 percent in 2000), 45 percent were black (down from 46 percent), 34 percent were Latino (down from 37 percent), and the remaining were of some other race. Notably, concentrated poverty nearly doubled in mid-western metropolitan areas in the 2000s (where manufacturing declined significantly), and the population in extreme-poverty neighborhoods rose more than twice as fast in the suburbs as in central cities.⁴⁷ Thus, concentrated poverty is less of an inner-city black phenomenon than it used to be.

People in high-poverty areas fare worse along a number of social and economic indicators. Nearly a third of adults aged twenty-two to sixty-four in high-poverty neighborhoods are out of the labor force, compared to 14 percent of such adults in the population as a whole.⁴⁸ About a third of the adult population twenty-five years of age and over in high-poverty tracts are high school dropouts, compared with 10 percent of the comparable adult population in low-poverty neighborhoods. Similarly, while 14 percent of families in low-poverty neighborhoods are headed by a female householder without a spouse, near half (46 percent) of families in high-poverty neighborhoods are headed by a female householder.⁴⁹ Nevertheless, while many residents in high-poverty areas face multiple disadvantages, these neighborhoods are far from homogeneous. A majority of those living in high-poverty areas are not recipients of public assistance and do participate in the labor market, albeit in lower-skill occupations and for fewer hours and lower wages than people living in other areas.⁵⁰

What factors account for the increase in concentrated poverty from 1940 to 1990 and the decline thereafter? The increase likely resulted from several factors, including past government policies, racial and ethnic discrimination, residential segregation, economic changes and employment dislocations, and the movement of prosperous residents to the suburbs. In terms of government policies, some federal housing policies, such as the building of low-income projects in already poor inner-city neighborhoods in the post–World War II period, contributed to poverty concentration. Federal assistance to highway construction and mass transit also accelerated the suburbanization of the middle and upper classes. Infrastructure and tax policies, such as investment tax credits favoring construction of new plants and facilities—often built in the suburbs—over rehabilitation also facilitated suburbanization.⁵¹

With respect to discrimination, Douglas S. Massey and Nancy Denton describe how real estate brokers, speculators, developers, and banks, acting on racial animosity within the population, preserved racial divisions in housing markets. The official policy of real estate agents in the Detroit area, for example, was expressed in the Code of Ethics of the National Association of Real Estate Boards, which explicitly banned racial mixing in neighborhoods through the 1940s, and later did so tacitly.⁵² Segregation served to concentrate black poverty, especially during a time when economic changes limited the opportunities available to low-skill workers.

Other theories put greater emphasis on economic changes. Two of these are referred to as the “spatial mismatch” hypothesis and the “skills mismatch” hypothesis. According to spatial mismatch theory, the increase in the concentration of the inner-city poor was directly linked to the elimination of low-skill manufacturing jobs and the deconcentration of employment from central cities to the surrounding suburbs.⁵³ A related economic process, the emergence of the service economy, resulted in a lack of well-paying jobs that matched the skills of inner-city residents—a skills mismatch.⁵⁴ Many of the new jobs in the cities were either high-paying service jobs that required high levels of education or low-skill and low-wage service jobs that were unattractive as lifetime employment opportunities. The result was increasing poverty in the inner cities and growing affluence in the suburbs.

William Julius Wilson, in *The Truly Disadvantaged*, built on the mismatch hypothesis, arguing that, because of economic restructuring and the accompanying flight of blue-collar jobs from the city, many middle-class blacks with sufficient money left their inner-city neighborhoods. As a consequence, the neighborhoods they left became even poorer. The result was neighborhoods whose people were increasingly socially isolated and faced a shrinking job market, resulting in concentrated poverty.

Others have asserted that welfare policy and changes in norms have contributed to concentrated poverty.⁵⁵ They argue that welfare makes people less self-reliant and provides incentives for out-of-wedlock births, which spurred the increase in the number of female-headed households. Crime also rose in cities and elsewhere because the criminal justice system decreased sanctions against aberrant behavior. Government policies that discouraged personal responsibility, combined with social isolation and an ingrown expectation of failure among the poor, led to increasing dependency in poor areas. A culture of poverty based on aberrant norms and behaviors emerged in the ghetto, where the poor did not take advantage of new opportunities that may have arisen.⁵⁶ Arguing against the primacy of this perspective, however, William Julius Wilson contends, “Cultural values emerge from specific social circumstances and life chances and reflect one’s class and racial position. Thus, if underclass blacks have limited aspirations or fail to plan for the future, it is not ultimately the product of different cultural norms but the consequence of restricted opportunities, a bleak future, and feelings of resignation resulting from bitter personal experiences.”⁵⁷

Researcher Paul Jargowsky, in his book *Poverty and Place*, tentatively concludes that, of these factors, limited economic opportunity at

the metropolitan level (e.g., deindustrialization and the loss of jobs) was probably the most important factor leading to increases in concentrated poverty up to 1990, while neighborhood sorting processes, such as residential segregation and the growing economic segregation among African Americans, also played important roles.⁵⁸

There is no definitive explanation for the decline in concentrated poverty after 1990, but a few factors likely played a role. First, poverty declined in general in the 1990s, especially during the period of robust economic growth in the middle and latter years of the decade. This general decline in poverty served to push the poverty rate down among those living in what were previously high-poverty neighborhoods. The black poverty rate in particular fell considerably during the decade, from 31.9 percent in 1990 to 22.5 percent in 2000.⁵⁹ The rapid suburbanization of the black population in the 1990s also meant that many African Americans moved out of higher-poverty inner-city neighborhoods to neighborhoods in the suburbs that had lower poverty, even if only slightly lower.⁶⁰

The increase in concentrated poverty in the 2000s is likewise probably a function of increasing poverty overall in that decade. This is consistent with the finding that concentrated poverty increased particularly in the Midwest, the region hit hardest by continued industrial declines. For example, cities such as Detroit, Toledo, and Dayton all experienced economic difficulties in the 2000s.⁶¹ The 2000s also saw the continued suburbanization of the U.S. population, as well as the suburbanization of concentrated poverty. For example, although the proportion of the population living in high-poverty tracts increased by 16 percent in central cities between 2000 and the 2005–9 period, the corresponding figure for the suburbs was 37 percent.⁶² Thus, the traditionally stark difference between central cities and suburbs has declined over the past few decades.

SUMMARY

Some basic patterns emerge from a number of national surveys:

Declines in poverty in the United States more or less stalled by the early 1970s, and then poverty noticeably worsened in the wake of the severe economic recession in 2007–9. Poverty is more pervasive among some groups, such as children, minorities, high school dropouts, and female-headed families.

A significant percentage of Americans report various hardships, such as difficulty paying bills or experiencing food insecurity, yet both poor

and nonpoor Americans report having basic consumer items such as TVs and refrigerators.

A high proportion of Americans experience a bout of poverty at some point in their lives. Although a majority of people who fall into poverty remain poor for only a short time, many families frequently move into and out of poverty.

Poverty varies widely across states. Although concentrated neighborhood poverty increased rapidly from 1970 to 1990, it declined dramatically in the 1990s before once again moderately increasing in the 2000s. Concentrated poverty is no longer primarily an inner-city phenomenon.

CHAPTER 4

Global Poverty

Examining poverty in countries around the world provides greater insight into the nature and extent of poverty in the United States. A look at poverty in developing countries, for example, highlights the difference between extremely deep deprivation in poor countries and relative poverty in rich ones, as well as the role of globalization in shaping patterns of poverty. An investigation of poverty in other rich countries provides insight into how different policy orientations contribute to different economic outcomes. Two distinct patterns emerge from this analysis. First, in absolute terms, poverty in the United States qualitatively differs from that in the developing world, where poverty is still often measured in terms of having sufficient resources to stay alive. Second, despite high general standards of living, the United States suffers from considerably more poverty and inequality than most other developed countries with similar standards of living. These two themes are now explored in turn.

POVERTY IN THE DEVELOPING WORLD

The world population stands at about 7 billion people, with 5.7 billion of them living in developing countries. China and India alone have 1.4 billion and 1.2 billion people, respectively, compared to just 312 million people living in the United States.¹ Countries across the globe have vastly different average income levels and standards of living. Robert Kates and Partha Dasgupta provide the following apt composite descrip-

32. Cogan 1995, 385–90.
33. National Research Council 1995, 126; Sen 1983, 156.
34. See Davidson 1985.
35. UNICEF Innocenti Research Centre 2000, 6.
36. UNICEF Innocenti Research Centre 2000, 6.
37. These criticisms are discussed in National Research Council 1995, 125; Sen 1983, 156.
38. UNICEF Innocenti Research Centre 2000, 22.
39. Meyer and Sullivan 2009.
40. Discussion of hardship measures can be found in Mayer and Jencks 1989; Heflin, Sandberg, and Rafail 2009, 746–64; Iceland and Bauman 2007.
41. Beverly 2001.
42. Daly and Silver 2008.
43. Micklewright 2002, 3.
44. Atkinson and Hills 1998. See also Micklewright 2002, 9.
45. United Nations 1995.
46. Sen 1999, 87–110.
47. See, for example, United Nations 2011.
48. See Short 2011c; Short 2010; Short 2001.
49. Short 2011c.
50. Interested readers should refer to National Research Council 1995 for a more detailed discussion of these elements. Short 2011c also contains details on the actual operationalization and implementation of the SPM poverty measure.
51. Rector and Sheffield 2011; Meyer and Sullivan 2009.
52. More specifically, the SPM threshold includes a basic bundle of goods including, food, clothing, shelter, utilities, medical (termed “FSCUM”), and a little more for additional needs.
53. This question has not been asked by Gallup or the General Social Survey (the sources of the earlier data) since 1993.
54. The official and SPM measures are from Short 2011a. The relative measure is from Short 2011b.

3. CHARACTERISTICS OF THE POVERTY POPULATION

1. These stories are quoted from Contreras 2011.
2. DeNavas-Walt, Proctor, and Smith 2012, table B-2.
3. Lindsey 2009, 64–78.
4. Short 2011a, 8.
5. U.S. Census Bureau 2012k.
6. Coleman-Jensen et al. 2011.
7. U.S. Department of Housing and Urban Development 2010, i–iii.
8. U.S. Census Bureau 2011a.
9. Lichter and Crowley 2002; Chung and Myers Jr. 1999; Kaufman 1999.
10. Townsend 1993, 10.
11. Shaefer and Edin 2012, 4.
12. Bello 2012.

13. Two authors who held this view, though they had otherwise differed on many points, include Michael Harrington (1962) and Oscar Lewis (1966a).
14. Riegg Cellini, McKernan, and Ratcliffe 2008.
15. Rank and Hirschl 2001.
16. Riegg Cellini, McKernan, and Ratcliffe 2008, 594.
17. Bane and Ellwood 1986, 12.
18. Ribar and Hamrick 2003, 11.
19. Anderson 2011.
20. Stevens 1999.
21. Stevens 1994.
22. Stevens 1999.
23. Devine, Plunkett, and Wright 1992.
24. Stevens 1999.
25. Naifeh 1998.
26. Gottschalk, McLanahan, and Sandefur 1994, 85.
27. Corak 2006, 53; Isaacs, Sawhill, and Haskins 2008.
28. Isaacs 2007, 30.
29. Corak 2006, 39; Isaacs, Sawhill, and Haskins 2008.
30. Magnuson and Votruba-Drzal 2009, 155–60.
31. Magnuson and Votruba-Drzal 2009, 158.
32. Magnuson and Votruba-Drzal 2009, 158. See also Edin and Kefalas 2005.
33. U.S. Census Bureau 2012j.
34. Weinberg 1987; Lichter and Crowley 2002.
35. Mattingly, Johnson, and Schaefer 2011, 1.
36. Gibbs 2001.
37. Lichter and Crowley 2002, 23–24.
38. Lichter and Crowley 2002, 24.
39. See Jargowsky 1997. See also Wilson 1987; Kneebone, Nadeau, and Berube 2011, 2.
40. Sugrue 1993, 92–93.
41. Massey and Denton 1993, 26–59.
42. Wilson 1987; Massey and Denton 1993; Auletta 1982.
43. Jargowsky 1997, 11.
44. Jargowsky 1997, 38–43.
45. Jargowsky 1997, 38.
46. Jargowsky 2003.
47. Kneebone, Nadeau, and Berube 2011, 1–16.
48. Kneebone, Nadeau, and Berube 2011, 17.
49. Bishaw 2011.
50. Jargowsky 1996, 598.
51. McGeary 1990.
52. Massey and Denton 1993.
53. Kain 1968.
54. See Holzer 1991; Kasarda 1990; Wilson 1987.
55. Two influential proponents of this view were Charles Murray (1984) and Lawrence Mead (1992).

56. Murray 1984; Mead 1992.
57. Wilson 1987, 14.
58. Jargowsky 1997, 183.
59. U.S. Census Bureau 2012j.
60. Frey 2011, 1.
61. Kneebone, Nadeau, and Berube 2011, 17.
62. Kneebone, Nadeau, and Berube 2011, 9.

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1. Population Reference Bureau 2011.
2. Kates and Dasgupta 2007, 16747.
3. United Nations 2010.
4. World Bank 2012c.
5. Sachs 2005; Kates and Dasgupta 2007.
6. Dollar and Svensson 2001; Killick 1995.
7. Ravallion 2009.
8. World Bank 2012c.
9. Wallerstein 1974.
10. Firebaugh 2003, 15–30. See also Milanovic 2009.
11. Ravallion 2009.
12. Firebaugh 2003.
13. Swiss Agency for Development and Cooperation (SDC) 2000, 14–61.
14. Comelieu 2000, 74–95.
15. World Bank 2001, 45.
16. Duhigg and Bradsher 2012.
17. World Bank 2012b.
18. National Center for Health Statistics 2011, 124.
19. World Bank 2012b.
20. World Bank 2012a.
21. Kristof 2007.
22. Githongo 2011.
23. Sachs 2005, 56–66.
24. See also Collier 2007.
25. Sachs 2005, 266.
26. Collier 2007.
27. Economic Research Service 2011.
28. World Bank 2011.
29. Banerjee et al. 2010.
30. Khandker 2005; Imai, Arun, and Anjum 2010; Noreen et al. 2011; Biosca, Lenton, and Mosley 2011; Banerjee et al. 2010.
31. De Tocqueville 1840; Wood 2011; Wikipedia 2012a.
32. Gornick and Jantti 2011, table 1.
33. Gornick and Jantti 2011, table 1.
34. Gornick and Jantti 2011, table 1.
35. Gornick and Jantti 2011, table 1.
36. See Rainwater and Smeeding 1995; Rainwater and Smeeding 2003.

37. See Mayer 1996, 109.
 38. Mayer 1996, 127–40. See also Bergstrom and Gidehag 2004.
 39. See Sen 1999.
 40. National Center for Health Statistics 2011.
 41. World Bank 2012b; World Bank 2012a.
 42. Corak 2006, table 1.
 43. Jantti et al. 2006, 16–17.
 44. Organization for Economic Cooperation and Development 2010, 17.
 45. Organization for Economic Cooperation and Development 2010, 10.
- See also Beller and Hout 2006, 30.
46. DeParle 2012.
 47. See also Jantti et al. 2006.
 48. Isaacs 2007, 30. See also DeLeire and Lopoo 2010.
 49. DeParle 2012.
 50. Beller and Hout 2006, 30.
 51. Isaacs 2007, 5–6. See also Organization for Economic Cooperation and Development 1996; Sastre and Ayala 2002.
 52. Zakaria 2011.

5. CAUSES OF POVERTY

1. Lewis 1966b, quoted in Schiller 2001, 127.
2. Lichter and Crowley 2002, 19.
3. O'Connor 2001, 143.
4. Grusky 1994, 11.
5. Marx 1994a, 69–78.
6. Marx 1994b, 80–82.
7. Weber 1994a, 121.
8. U.S. Census Bureau 1993; U.S. Census Bureau 2010a.
9. U.S. Census Bureau 2011b.
10. Although the official time series of poverty statistics begins in 1959, researchers have extended the time series backward using the constant official threshold (adjusted only for inflation) as defined by Mollie Orshansky in the mid-1960s.
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13. Blank 2009, 82.
14. Iceland 2003.
15. Schumpeter 1994 [1942].
16. Sugrue 1993, 87.
17. Sugrue 1993, 88–91.
18. Sugrue 1993, 95–97.
19. Bluestone and Harrison 2000, 183.
20. Congressional Budget Office 2011, 3.
21. Congressional Budget Office 2011, x–xii.
22. U.S. Census Bureau 2011g.