Poverty in America

Chapter 5
Edward J. Gumz, Ph.D., LCSW
Loyola University Chicago
School of Social Work

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Definitions

- **Poverty**—deprivation

- **Absolute poverty**—a base standard of what is necessary for survival; those who fall below this standard are considered poor

- **Relative poverty**—deprivation that is relative to the standard of living enjoyed by other members of society
Theoretical Formulations on Poverty

- Poverty is one of the most elusive problems facing U.S. social policy.
- People living in poverty fall into 3 categories:
  1. Working Poor (minimum wage earners)
  2. The Unemployed
  3. Those with human capital deficits (poor health, poor education, or lack of training)
Culture of Poverty

- Theorists maintain that poverty & poverty traits are transmitted intergenerationally
- Self perpetuating cycle
- Oscar Lewis: Culture of poverty is characterized by hopelessness, indifference, alienation, apathy & lack of effective participation in society
- Most people are poor because of the loss of a breadwinner; involuntary unemployment; or illness are able to overcome impoverishment
Eugenics & Poverty

- Theories on genetic inferiority as explanation for poverty (crime & disease)
- *The Bell Curve (Herrnstein & Murray)*: socioeconomic inequality in the U.S. is not due to capitalism or racism but to the lack of genetic intelligence
- Affirmative action programs overlook intellectual meritocracy, spending money to educate the poor is wasteful given their innate deficiencies
Who Makes Up the Poor

- Poverty is **fluid** rather than **static**
- Recent University of Michigan Study: of 5,000 families studied over 10 years, only 2% were persistently poor
- Changes in family composition (esp. divorce or separation) were the leading causes of poverty
- Spells of poverty ended with family reconstitution
Who Makes Up the Poor

- There is more to mobility than just income distribution
  - Education
  - Occupation
  - Place of residence

- Yet, data show that poverty is not a permanent status for many
Who Makes Up the Poor

- The poverty rate in 2012 was **46.2 million** people (15.1% of population)
- Beginning in **2001**, poverty rates grew for **every** racial and ethnic group
  - Blacks (27.4%, 2012)
  - Hispanics (26.6%, 2012)
  - Asians (11.8%, 2012)
Two versions of the federal poverty measure

1. Poverty threshold/line – the official measure used for statistical purposes; all official population figures are calculated using the poverty threshold

2. Poverty guideline – a slightly lower poverty level than the threshold; used for determining eligibility requirements for federal programs (Head Start, food stamps, etc.)
Measuring Poverty

- Social Security Administration (SSA) sets absolute poverty as defined by a poverty line drawn at a given income.
- Threshold was developed by taking the cost of the least expensive food plan and multiplying that number by 3.
- Based on 1955 survey showing that the average family spent about one-third of its budget on food (today accounts for one-seventh).
- Some problems reported (National Academy of Sciences) & others.
- Poverty line for family of 4 in 2012--$22,500.
35 million Americans work full time but fail to make an adequate living (almost 1 of 4 live in or around the edges of poverty)

These are generally nursing home aides, poultry processors, pharmacy assistants, child care workers, data entry clerks, janitors, and other in the secondary and tertiary labor markets.
The working poor represent a growing sector of the poverty population.

They are defined as individuals who spend at least 27 weeks in the labor force (working or looking for work), but whose family incomes fall below the poverty line.

10.5 million in 2012 classified as working poor.
Unemployment – the condition of individuals over 16 years of age who are looking for work

Underemployed – includes workers holding jobs below their skill levels; and part-time workers who wish to work full time
Distinctions in employment status important because social welfare is connected directly to the employment experience of Americans

Policymakers have accepted an unemployment rate of between 4 & 5% (5-8 million workers unemployed)
Outsourcing of jobs & ramifications
Minimum wage issues
1997 federal minimum wage raised to $5.15 an hour
Minimum wage frozen from 1997 to 2007
Effects on bringing family income over poverty line
States can institute their own higher minimum wage
29 states have minimum wages above the federal requirement (2008)
Three Approaches to Combat Poverty

- **Curative Approach** – help the poor to become self-supporting through changes in their personal lives & in the environment
- **Alleviative approach** – exemplified by public assistance programs (ease suffering rather than ameliorate)
- **Preventive approach** – exemplified by social insurance programs (Social Security)
Write about your own or someone you know and your experiences with the fringe economy. What would you recommend be done to prevent people from being part of the fringe economy or getting out of the fringe economy to something better.