

STRATIFICATION TOPICS



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19. U.S. POVERTY LAWS

In 2017, about 45 million Americans were living below the federal poverty level. This figure is more than everyone in California. In 2016, the U.S. government poverty classification applied for one person making less than \$12,465 yearly and a family of four making less than \$24,339. Derived from U.S. Census data, Table 10 shows poverty rates for different groups.

TABLE 10 *Poverty Percents for U.S. Groups*

14%	The entire U.S.
12%	White
11%	Asian
21%	Hispanic
24%	Black
20%	New Mexico (high state)
7%	New Hampshire (low state)

Source: 2017 World Almanac, pages 82–83

Other significant variations in poverty rates can be noted. The female poverty rate has always been higher than the male rate; in recent years, the female rate has been about three percentage points higher than the male rate. The rate for children, at 21 percent, is about twice the rate for seniors; in 2015, the Census Bureau reported that 20 percent of children were receiving food stamps. The World Almanac also records an eight percent rate for married couples, a 24 percent rate for male householders with no wife present and a 34 percent rate for female householders with no husband present. Similar variations have been manifested in every year since poverty records began in 1959. Such differences clearly imply that sociological factors contribute to the causes of poverty.

Causes of poverty can be subdivided into three explanations: personal flaws, “acts of God,” and sociological factors. Personal flaws would include laziness, accumulating credit card debt, and substance abuse addictions.

Termites can cause poverty if they destroy a family’s house. More common acts-of-God causes of poverty would include hurricanes, floods, tornadoes, and forest fires.

Following are 20 factors or laws that influence poverty in the U.S. To the degree that many or most of these factors are present in a given family is the degree to which poverty is likely to exist.

1. **More workers than jobs.** Currently, the U.S. has about 20 million more adult workers than the number of full-time jobs. Naturally, this means most of these workers will secure temporary work, part-time work, or no work. According to the Labor Department, about 20 percent of employees were part-time workers in 2017. At the peak of the recent recession, there were over 30 million workers than full-time jobs.
2. **State of residence.** As reflected in the above table, the poverty rate in one state can be over twice higher than another state. Statistically, a child in New Mexico is far more likely to be poor than a child in New Hampshire.
3. **Disappearance of manufacturing jobs.** In the upper Midwest in recent decades, many jobs have moved to the Sunbelt states. The loss of jobs in the Midwest has been so prevalent that the region has been referred to as the “rustbelt.”
4. **Globalization of the economy.** The world economy is now more of a global village than ever before. U.S. corporations may decide it is advantageous to move to a foreign country and pay native workers 2–4 dollars per hour. A financial meltdown in one country can contribute to economic hardships in other countries.
5. **Families need two incomes.** Far more so than in the past, perhaps most U.S. families now need two incomes to attain a solid middle class status.
6. **New jobs with low wages.** A person who makes minimum wage while working full-time can still be below the poverty level. Contrary to a popular misconception, most minimum wage jobs are not at fast-food restaurants.

7. **Declining or stagnant wage rates.** A person's paycheck's purchasing power can erode over years due to inflation and other factors—and contribute to poverty. Adjusted for inflation, wages have been generally stagnant for 40 years.
8. **Lack of affordable daycare.** The approximate full-time national daycare cost is \$900 per month for one child. Some parents pay over \$10,000 in yearly costs for one child. Single parents or two parents can find themselves impoverished based on daycare costs.
9. **Lack of affordable health insurance.** A family without health insurance can be in a predicament with \$3,000 in life savings and a \$30,000 medical bill. Or, as has been developing in recent years, some employers are cancelling health insurance or requiring employees to pay higher premiums.
10. **Lack of affordable housing.** In big cities all over the U.S., there is a clear pattern of insufficient low-cost “starter homes.” Such homes could still be built for less than \$100,000. These homes might be on less acreage, have only two bedrooms, one bathroom, and no garage—but they help owners attain financial equity. Renters are more likely to be poorer than home owners.
11. **Divorce.** Of all highly industrialized nations, it is no coincidence that the U.S. often has the highest divorce rate and the highest child poverty rate. When two people divorce, they often have legal expenses; at the same time, they move from one home, one refrigerator, and one home insurance policy to a situation with two domiciles, two refrigerators, and two insurance policies.
12. **More women in workforce.** In recent decades, an increasing percent of all workers have been women. For women or men, first-time workers are often disproportionately channeled into jobs with low wages, less job security, limited promotion ladders, limited fringe benefits, high turnover rates, and absent childcare centers. Women comprise about two-thirds of minimum wage workers.
13. **Urban disinvestment.** This refers to situations in most big cities where companies tend not to build in older sections of an urban area. Instead, developers often prefer to build on the perimeters or suburbs of cities where the land is less expensive and they have no older buildings to demolish. As new companies and jobs migrate to the suburbs, pockets of high poverty often emerge in the city.
14. **Shift to a service economy.** Recent decades attest to a higher percent of service jobs for both females and males. Such jobs with less pay, less benefits, and less opportunities for promotion mean a greater probability that such workers can fall below the poverty level.
15. **Discrimination.** Some employers discriminate on the basis of ethnicity, gender, religion, nationality, sexual orientation, or disability. There are legal prohibitions on these types of discrimination, but employers can also discriminate for dozens of other reasons such as hairstyle, clothing, or weight. Or employees can be selectively “laid-off” in a period of economic downturn.

- 16. Other employer practices.** Besides discrimination, many employers pursue policies that contribute to poverty. Especially in small businesses that may not be subject to federal regulations, they can discourage maternity or sick leave such that the employee quits. They can reduce salaries for trivial or unfounded reasons. They can oppose legitimate unemployment claims. They can regularly not reimburse employees for overtime, meals, uniforms or work-related gasoline expenses. They can require employees to call in for shift work to see if they are needed. They can require employees to work without punching in the time clock or after punching out. They can deduct from “job related expenses” from wages. A large corporation can contract out janitorial or other services to a small company to reduce fringe benefits to employees. Millions of workers are not paid overtime when employers call a low-wage employee a “manager.” Large or small employers can require employees to work an hour less than the legal weekly amount for which benefits become activated. Many employers have cancelled annual pay raises in favor of rewards like a \$100 gift card. These and other practices can have a cumulative effect on employees.
- 17. Decline in labor unions.** Membership in U.S. labor unions has declined significantly. The percent of workers in labor unions in the 1940–1980 era was roughly twice the percent of workers in the 21st century. Membership decline was partly due to the frequent and illegal practice of firing of workers who promoted unions. Labor unions reduce the incidence of poverty by promoting such issues as health care and raising the minimum wage. Labor unions also lobby against unsafe worker conditions and promote programs like prekindergarten that contribute to greater worker longevity.
- 18. Excess consumption.** U.S. culture fosters both excess materialistic views and the notion that the planet is a bountiful preserve with unlimited resources. The advertising industry reminds us daily to buy products that may be only marginally better than products we already have. Such a worldview contributes to minimum down payments on costly items, credit card debt, lack of savings—all of which contribute to poverty. In this context, Thorstein Veblen coined the term “conspicuous consumption” or the tendency for people to purchase non-essential luxury items as status symbols.
- 19. Minimum wage.** Increases to the federal minimum wage are not annually adjusted based on inflation or cost of living. In the 20 years from 1997–2017, the national minimum wage increased only once. Such long intervals contribute to more people living below the poverty level and for the federal government to spend tens of billions on anti-poverty programs like food stamps. As the federal minimum wage has been in existence since 1938, abundant research has concluded that wage increases do not induce damaging impacts to the economy. At exchange rates, Australia is the major nation with the highest minimum wage rate—\$15.96 an hour.

20. Degree of government involvement. Local, state, and national governments play a key role in poverty. The degree of government involvement in addressing poverty ranges from total apathy and inactivity to genuine commitment. Governments at all levels can pursue or not pursue multiple strategies and policies which impact the poverty rate. Examples of such policies at the national level include annual minimum wage adjustments, job training programs, health insurance assistance, unemployment insurance, greater focus on curbing monopolies, and changes in the tax code.

Perhaps most members of the public believe the “personal flaw” explanations of poverty have greater validity than the combined influence of these 20 sociological “laws.” Some citizens even adhere to the very shallow belief that poverty is almost always due to laziness.

Sociological scholars recognize that poverty is almost always due to multiple factors. In many cases, around half of these 20 factors may subtly be involved over a period of a year to explain why a family becomes poor. Sociologists also believe that collectively these 20 factors are a far better explanation for poverty compared to the “personal flaw” explanations. These 20 factors also reveal that our social heritage endows each of us with different life chances to be poor or prosperous.

The year 2014 was the 50th anniversary of President Johnson’s “War on Poverty.” Medicaid and Medicare were enacted when Johnson was president. Due to his policies, the poverty rate was reduced by 40 percent—more in his administration than any subsequent President—and Johnson was president for only five years. Had Johnson not significantly escalated the war in Vietnam, he may have reduced the poverty rate by over 50 percent. In the early 1960s, the black poverty rate was double the current rate and the senior poverty rate was triple the current rate.

When governments have goals to reduce poverty, history shows several success stories. Early in FDR’s presidency, it has been estimated around 65 percent of Americans were living in poverty. FDR’s enactment of Social Security and other programs eliminated poverty for millions. After World War Two, the U.S. Marshal Plan was highly successful in reducing poverty in Western Europe. The GI Bill for veterans reduced poverty for millions of men and women. Many current European nations currently have a poverty rate that is 50 percent of the rate in the U.S. Utah found a cost-effective way to reduce chronic homelessness by 90 percent in the decade before 2015. In 2013, via an idea called “Housing First,” Phoenix reported that they had achieved the goal of totally eliminating homelessness for veterans.

CRITICAL THINKING: What are a few specific strategies your state and the federal government could pursue to reduce the poverty rate?