

**Poverty, Inequality and Social Justice in Nonmetropolitan America**

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## Introduction

In 1964, President Lyndon B. Johnson declared a “War on Poverty.” At that time, scholars and public officials were confident that poverty in the United States could largely be eliminated by the beginning of the twenty-first century (Ropers 1991). After the country had emerged from the Great Depression and two world wars, it was believed that the booming productivity of American industry and rapid developments in science and technology, with help from carefully implemented social programs, would result in an affluence that would reach all Americans. In his much acclaimed book *The Affluent Society*, the well-known economist John Kenneth Galbraith (1958) wrote that widespread poverty would soon largely be a thing of the past, and that only “pockets” of poverty would remain.

Nearly four decades later, in 2003, the number of Americans living in poverty<sup>1</sup> (35.9 million) surpassed the number living in poverty in 1965 (33.2 million). Obviously, poverty has proven to be much more persistent and entrenched than once believed. Over the past four decades, a variety of social programs intended to reduce poverty have been implemented, adjusted, and sometimes discarded when they were felt to be ineffective. Economic trickle-down theories and a variety of affirmative actions programs have been tried. Yet poverty remains (Haveman 1994). Since the 1960s, there has been considerable economic growth in the United States, and average incomes, even in constant dollars have increased significantly. However, the incomes of households at the bottom of the economic ladder have grown very little, while the incomes of those at the top have grown substantially. Thus, the gap between the economic well-being of the affluent and those in poverty has greatly increased. Although an extensive amount of research has been conducted, it is apparent that our understanding of the causes of poverty is insufficient, and at least partly as a result, policy efforts have been inadequate.

While individuals who aid persons living in poverty and those who seek to understand poverty are engaged in a noble effort, living in poverty is anything but noble. The toll of poverty on the lives of individuals and the adverse consequences for communities is extensive. First, persons in poverty live shorter lives, have higher infant mortality rates and experience more health problems than persons who are not in poverty. This is largely a consequence of the poor eating a less nutritious diet and having limited access to medical care (Wolfe 1994). Persons in poverty face major economic constraints when attempting to purchase nutritious food and attempting to obtain adequate health care. Further, the poor are much less likely than other Americans to have health insurance which could help make medical care more affordable (DeNavas-Walt et al. 2004).

Second, children growing up in poverty have significantly fewer educational opportunities than children from more affluent families (Murnane 1994). Persons in poverty often live in low-income neighborhoods and communities. Since public schools are heavily dependent on local property taxes, the result is that schools in low-income

neighborhoods and communities are typically inadequate and under-funded and often fail to prepare or motivate students for either a college education or the job market. Further, the greatly increased cost of college education provides major obstacles to young people from low-income families. Thus, children growing up in poverty are less likely than others to graduate from high school and less likely to attend and complete college (Murnane 1994). From an inter-generational perspective, limited education often means limited employment opportunities, which then puts the next-generation family in a position where the educational opportunities of their children are subsequently limited, and the cycle continues (Gottschalk et al. 1994; Haveman et al. 2001).

In addition to the health and education costs of poverty, young girls growing up in poverty are more likely than other girls to become pregnant as teenagers, while young boys growing up in poverty are more likely than other boys to be in trouble with the law (Wu and Wolfe 2001). Finally, many of the costs of poverty are psychological. Living in poverty means living with constant fear and stress. The stress of wondering how next months rent and utility bills will be paid is staggering. The costs associated with feelings of inferiority when interacting with others is incalculable. In general, positions in the status hierarchy are strongly related to opportunities and obstacles, and these opportunities and obstacles are often a result of ascribed characteristics. Thus, life chances are largely determined by one's birth rather than by one's ability or effort (Duncan and Tickamyer 1988; Lichter and Eggebeen 1992; Lichter and McLaughlin 1995; Wilson 1987). The extensive levels of poverty and the subsequent inequality that exists in the United States, especially considering the cross-generational nature of this poverty and inequality, raise important questions of social justice.

In a society of tremendous wealth, such as the United States, there are additional unique problems associated with inequality that go beyond poverty. First, those with greater wealth typically have greater power and can generally assert their political will. Meanwhile the voices of the poor are seldom heard. Further, inequality results in a poverty of dignity, where those with less wealth generally feel less worthy. Frustration and anger are common results of this poverty of dignity.

Even the wealthiest members of our society pay costs that result from poverty (Danziger et al. 1994). Poverty rates in a community are positively associated with crime rates in that community. The financial costs from criminal damage and from the police, court, and prison system are immense. Further, the fear of crime is one of the major concerns of Americans and detracts significantly from the quality of life. As noted earlier, poverty reduces educational opportunities, which subsequently reduces worker productivity. As a result, ownership and management suffer. Medical treatment for poor people who lack health insurance is often passed on to the general public.

The primary focus of this paper will be on nonmetropolitan counties in the United States. While the causes and consequences of poverty in metro and nonmetro areas are very similar, there are unique differences. First, the job structure of nonmetro communities is significantly different from the job structure in metro communities.

Nonmetro communities are much more dependent on agricultural and natural resource based jobs, are much more likely to be dependent on a single industry, and many of the jobs at the top of the employment structure are simply missing in nonmetro communities (Tigges and Tootle 1990). Further, nonmetro communities face unique obstacles in implementing programs to reduce poverty. It is hoped that this paper will help stimulate a discussion of research and policy issues and concerns that will result in policies and programs that will have a significant positive impact on this critical social issue.

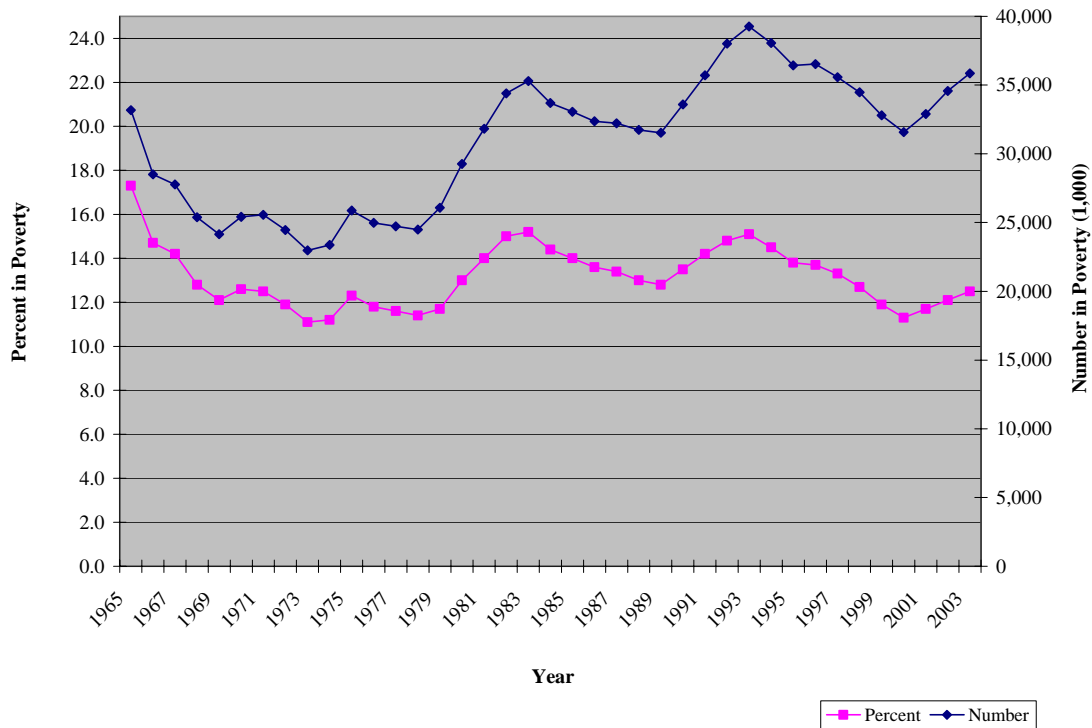
The paper continues by providing an overview of trends in and the correlates of poverty. Some of the major theoretical efforts to understand poverty are then examined. Societal trends likely to impact levels of poverty and inequality in the future are then examined. Finally, suggestion for community leaders and practitioners at the local level for dealing with poverty are provided.

### **Trends and Correlates of Poverty and Inequality**

In this section, data are presented and discussed on general trends in poverty and inequality since the War on Poverty began. In addition to general trends, data are also presented on the levels of poverty and inequality among various segments of the population. This is essential because certain segments of the population have always experienced higher poverty rates than other segments. Further, over the decades there have been significant and unforeseen economic structure transformations and changing social conditions that have differentially affected some segments of the population. These economic and social changes have also made reducing poverty levels much more difficult than once expected. To be effective, poverty policies and programs must take these trends and differences into account.

In Figure 1, data are presented showing the number of people living in poverty and the percent of the population living in poverty from 1965 to 2003. It is evident from this figure that while there have been variations in the proportion of the population living in poverty over the years; poverty rates have been remarkably consistent (Danziger and Weinberg 1994). This is despite a massive input of resources intended to reduce or eliminate poverty. In 1965, 17.3 percent of Americans were living in poverty. With the aid of “War on Poverty” resources, this proportion declined steadily to 11.1 percent in 1973. Poverty rates have never been that low since. In the 30 years since 1973, the proportion of the population living in poverty has increased during times of economic recession (reaching a high of 15.1 percent in 1993), and decreased during times when the economy was robust (reaching a new low of 11.3 percent in 2000), but the range of this variation has been limited. The number of Americans living in poverty reached a low of about 23 million in 1973 and has been as high as 39.3 million in 1993.

**Figure 1. Number of percent living in poverty in the United States from 1965-2003.**



Source: DeNavas-Walt et al. 2004

Table 1 provides data on income inequality from 1967 to 2003. In general, this table shows a slight decline in inequality levels from 1967 to 1975, and then since 1975, income inequality has increased steadily and substantially. The first segment of Table 1 shows mean household income by quintile using constant 2003 dollars. These data make it apparent that average incomes have increased significantly since the 1960s. However, most of this increase has gone to the affluent, while the incomes of the poor have changed little. Between 1975 and 2003, the incomes of the 20 percent of the population at the bottom of the wage scale increased by only 9 percent. At the same time, the incomes of the 20 percent of the population at the top of the wage scale increased by 64 percent. Over the past 30 years, persons in higher income categories have consistently had greater income growth than persons in lower income categories. As a result, the gap between the poor and the wealthy has increased extensively.

The second segment of Table 1 shows the shares of household income by quintile. Again, since 1975, the percent of income going to the lowest 20 percent has steadily declined, while the proportion going to the highest 20 percent has steadily increased. The share of household income going to the bottom 20 percent has declined from 4.4 percent in 1975 to 3.4 percent in 2003. At the same time, while the top 20 percent had 43.2 percent of the income in 1975, this share has increased to 49.8 percent in 2003.

Table 1. Selected Measures of Household Income Inequality, 1967-2003.

Year	Mean Household Income by Quintile <sup>a</sup>					Shares of Household Income by Quintile					Income Ratios		Gini Coefficient
	Lowest	Second	Third	Fourth	Highest	Lowest	Second	Third	Fourth	Highest	90/10	80/20	
1967	7,589	20,690	33,035	46,220	83,758	4.0	10.8	17.3	24.2	43.8	9.04	3.95	.399
1970	8,324	22,134	35,643	50,245	88,961	4.1	10.8	17.4	24.5	43.3	9.10	3.98	.394
1975	9,143	21,709	35,520	51,582	89,829	4.4	10.5	17.1	24.8	43.2	8.62	4.08	.397
1980	9,479	22,876	37,652	55,439	97,376	4.3	10.3	16.9	24.9	43.7	9.11	4.20	.403
1985	9,452	23,366	38,701	58,201	107,357	4.0	9.7	16.3	24.6	45.3	9.76	4.38	.419
1990	9,819	24,606	40,644	61,279	118,920	3.9	9.6	15.9	24.0	46.6	10.22	4.42	.428
1995	10,009	24,449	40,881	62,844	131,146	3.7	9.1	15.2	23.3	48.7	10.14	4.52	.450
2000	10,849	27,090	45,113	70,130	151,969	3.6	8.9	14.8	23.0	49.8	10.58	4.56	.462
2003	9,996	25,678	43,588	68,994	147,078	3.4	8.7	14.8	23.4	49.8	11.22	4.83	.464

<sup>a</sup> In 2003 Dollars

Source: DeNavas-Walt et al. 2004

Further evidence of increased levels of inequality is found when looking at the income ratios and the gini coefficient. Since 1975, both the 90/10 and the 80/20 income ratios have steadily increased. By 2003, individuals at the 90<sup>th</sup> income percentile made 11.22 times more than individuals at the 10<sup>th</sup> income percentile. Further, individuals at the 80<sup>th</sup> income percentile made 4.83 times more than individuals at the 20<sup>th</sup> income percentile. The gini coefficient has also steadily increased and was .464 by 2003. Data was not available to directly compare inequality levels in metro and nonmetro communities. Research by others, however, indicates that inequality levels are even higher in nonmetro areas than in metro areas (McLaughlin 2002). In sum, the data in Table 1 show that the economy of the United States is growing, but this increased wealth is disproportionately going to the wealthy while the poor have benefited little.

### Poverty, Inequality and Residence

From the time of the initial settlement of the Americas by people of European descent, income levels have always been higher and poverty rates lower in metropolitan compared to nonmetropolitan communities (Albrecht et al. 2000). As a consequence of these metro economic advantages, there has been a near steady migration stream from nonmetro to metro areas throughout U.S. history (Johnson 1989). The data presented in Table 2 show that during the past four decades, poverty rates have always been higher in nonmetro counties than in metro counties. However, the gap is substantially smaller in 2003 than in the 1960s. In 1967, 20.2 percent of the residents of nonmetro counties were

living in poverty, compared to only 10.9 percent in metro counties. Further, in 1967, the total number of people in poverty (13.9 million) in nonmetro counties exceeded the total number of people living in poverty in metro counties (13.8 million). In addition, in 1967, the proportion of nonmetro residents in poverty exceeded the proportion of people in poverty in both central cities (15.0 percent) and suburbs (7.5 percent). By 2003, circumstances had changed considerably. While nonmetro poverty rates (14.2 percent) still exceed total metro poverty rates (12.1 percent), the gap is much smaller than in previous years. Also, since 1980, poverty rates in the central city have been higher than nonmetro poverty rates. Suburban poverty rates remain lower than nonmetro poverty rates. Finally, in 2003, nearly 80 percent of all Americans living in poverty are in metro counties. Of course, a critical reason for this is that the U.S. population is much more metropolitan than in the 1960s. The data in Table 2 show that since the 1960s, the population of metro counties has increased significantly, while the population of nonmetro counties has remained remarkably consistent.

Table 2. Number (in Thousands) and Percent of Individuals in Poverty by Residence, 1967-2003.

Year	Non metropolitan			Central City			Metropolitan Suburban			Total		
	Total	In Poverty	Percent in Poverty	Total	In Poverty	Percent in Poverty	Total	In Poverty	Percent in Poverty	Total	In Poverty	Percent in Poverty
1967	58,990	13,936	20.2	57,660	8,649	15.0	69,107	5,183	7.5	126,899	13,832	10.9
1970	47,165	12,103	16.9	57,169	8,118	14.2	73,225	5,199	7.1	135,832	13,317	10.2
1975	58,370	10,529	15.4	60,600	9,090	15.0	82,355	6,259	7.6	142,955	15,348	10.8
1980	53,864	11,251	15.4	61,884	10,644	17.2	89,963	7,377	8.2	151,847	18,021	11.9
1985	53,492	9,789	18.3	74,616	14,177	19.0	108,298	9,097	8.4	182,914	23,275	12.7
1990	55,988	9,075	16.3	75,021	14,254	19.0	117,874	10,255	8.7	192,730	24,510	12.7
1995	51,814	8,083	15.6	78,976	16,269	20.6	132,659	12,072	9.1	211,635	28,342	13.4
2000	55,450	6,978	13.4	85,401	13,257	16.3	140,581	11,346	7.8	225,982	24,603	10.8
2003	52,782	7,495	14.2	83,149	14,551	17.5	151,824	13,816	9.1	234,512	28,376	12.1

Source: March Current Population Surveys

## Poverty, Inequality and Race

From the time our nation was founded, a number of racial and ethnic groups have experienced extensive levels of prejudice and discrimination. As a consequence of this prejudice and discrimination, minority people have had fewer employment opportunities and obtained lower levels of education. As a result, minority incomes have always been lower than white incomes, and minority poverty rates have always been higher than white poverty rates (Albrecht et al. 2005). Minority disadvantage has consistently existed in both metro and nonmetro communities (Albrecht et al. 2005).

Continued minority disadvantage is very apparent in the data presented in Tables 3 and 4. The year 1973 was chosen as the base for these tables because definitions of race and ethnicity have been relatively consistent since that time. Table 3 presents data showing the number and percent of people living in poverty by race from 1973 to 2003. Data are shown for the three most numerous racial and ethnic groups in the United States, non-Hispanic whites and blacks and Hispanics. Throughout the 30 year time period represented in this table, poverty rates for whites have been much lower than poverty rates for both blacks and Hispanics. White poverty rates have ranged from a low of 7.4 percent in 2000 to a high of 9.7 percent in 1985. In comparison, poverty rates for blacks ranged from a low of 22.5 percent in 2000 to a high of 32.5 percent in 1980, while Hispanic poverty rates ranged from a low of 21.5 percent in 2000 to a high of 30.3 in 1995. Another important piece of information in Table 3 concerns the number of people in poverty by race. For both white and black populations, the numeric increase in the number of people in poverty has not been especially large (from 12.9 million in 1973 to 15.9 million in 2003 for whites and from 7.4 million in 1973 to 8.8 million in 2003 for blacks). In comparison, the number of Hispanic people in poverty increased from 2.4 million in 1973 to 9.1 million in 2003. This increase reflects the tremendous growth in the Hispanic population of the United States in recent decades (from 10.8 million in 1973 to 40.3 million in 2003). The fact that minority populations are growing much more rapidly than white populations has important fundamental implications for poverty in this country. From 1973 to 1995, the absolute number of white individuals in poverty exceeded the absolute number of black and Hispanic individuals combined in poverty. However, as a result of growing minority populations, and especially the growing numbers of Hispanics, and continued high poverty rates among minorities, the absolute number of black and Hispanic individuals in poverty has exceeded the number of white individuals in poverty since 1995.

Table 4 provides additional data on the household incomes of whites, blacks and Hispanics by showing the percent distribution of incomes and median incomes (in constant 2003 dollars) from 1973 to 2003. The data in this table is based on households rather than individuals. The census defines a household as consisting of all people who occupy a housing unit regardless of relationship. A household may consist of a persons living alone or multiple unrelated individuals or families living together.

Table 3. Number (in Thousands) and Percent of Individuals in Poverty by Race, 1973-2003.

Year	Non-Hispanic White			Non-Hispanic Black			Hispanic		
	Total	In Poverty	Percent in Poverty	Total	In Poverty	Percent in Poverty	Total	In Poverty	Percent in Poverty
1973	170,488	12,864	7.5	23,512	7,388	31.4	10,795	2,366	21.9
1975	172,417	14,883	8.6	24,089	7,545	31.3	11,117	2,991	26.9
1980	179,798	16,365	9.1	26,408	8,569	32.5	13,600	3,491	25.7
1985	183,455	17,839	9.7	28,485	8,926	31.3	18,075	5,236	29.0
1990	188,129	16,622	8.8	30,806	9,837	31.9	21,405	6,006	28.1
1995	190,951	16,267	8.5	33,740	9,872	29.3	28,344	8,574	30.3
2000	193,691	14,366	7.4	35,425	7,982	22.5	35,955	7,747	21.5
2003	194,595	15,902	8.2	35,989	8,781	24.4	40,300	9,051	22.5

Source: DeNavas – Walt et al. 2004

Again, the economic disadvantages of minorities are apparent in this table. The median household incomes of whites have always been significantly higher than the median household incomes of blacks and Hispanics. In 2003, the median household income for whites was \$47,777, compared to \$29,645 for blacks and \$32,997 for Hispanics. When looking at the percent income distribution, Table 4 shows that the percent of white households in the very low income categories is much smaller than the percent of minority households in these same categories. In 2003, 13.4 percent of white households had incomes of less than \$15,000, compared to 18.9 percent of Hispanics and 27.4 percent of blacks. Likewise, the percent of white households with incomes of \$100,000 or more (17.3 percent) was much greater than the percent of blacks (6.7 percent) or Hispanics (7.5 percent). The overall increase in incomes during this 30 year period is apparent in Table 4 as there has been a decline in the percent of households in the low income categories, an increase in the percent of households in the high income categories, and an overall increase in median household incomes.

### Family Structure, Poverty and Inequality

Among of the more profound changes occurring in the United States in recent years are changes in the family (Albrecht and Albrecht 2004; Giddens 2003). Prior to the last third of the 20<sup>th</sup> century, most Americans lived in a family consisting of a husband and wife and their biological children. Both divorce and nonmarital childbearing were relatively rare, especially in nonmetro communities (Popenoe 1996). Consequently,

during the 1950s, about 80 percent of American children under age 18 were living with both biological parents who were married to one another (Bumpass and Sweet 1989), and the vast majority of adult men and women were married (Saluter and Lugaila 1998). Beginning in the 1960s, the structure of American families changed rapidly and dramatically (Wu and Wolfe 2001). Among the more prominent of the changes include much higher divorce rates (Cherlin 1992), more nonmarital births (Wu et al. 2001), the postponement of first marriage, and an increase in nonmarital cohabitation (Bianchi and Casper 2000; Bumpass and Lu 2000). Most estimates indicate that about 50 percent of all current marriages will end in divorce (Popenoe 1996), while about 1 in 3 births now occur out of marriage (McLanahan et al. 2001). On average, the first marriage for both men and women now occurs about four years later than in the 1950s (Fields and Casper 2001), while there has been a sevenfold increase in the number of cohabitating couples since 1970 (Casper and Cohen 2000). Of relevance to this discussion is that these family structure changes have important implications for poverty and inequality (Garfinkel and McLanahan 1994). While nonmetro families remain more traditional than metro families, poverty levels among single-parent families are higher in nonmetro counties than in metro counties (Albrecht et al. 2000).

Table 5 presents data on family structure and poverty. This table is based on data for families rather than for individuals or households. The Census Bureau defines a family as two or more people related by birth, marriage or adoption and residing in the same housing unit. This table shows that nonmarried-couple families (and especially female-headed families) are much more likely to be in poverty than married-couple families. In 2003, 28 percent of the female-headed families were in poverty, compared to 13.5 percent of the male-headed families and only 5.4 percent of the married-couple families. Part of the problem, of course, is that single-parent families generally only have one adult who can potentially be employed. This is especially problematic for female-headed families where the generally higher male income is missing. In 2003, the median earnings of full-time, year-round female workers was only 75.5 percent as high as similarly employed male workers (\$40,668 for males compared to \$30,724 for females). The rapidly changing family structure means that an increasingly large proportion of individuals in poverty are living in single-parent and especially female-headed families. In 1965, 28.5 percent of all families in poverty were female-headed; by 2003, over half of the families in poverty were female-headed.

### **Age, Poverty and Inequality**

Historically, poverty rates have been significantly higher among children and the elderly than among those in the prime working ages. The obvious reason is that those in the prime working ages can generally obtain employment and support themselves, while the old and the young tend to be dependent on the employment of others. This is problematic for nonmetro areas where the proportion of the population that is either older or younger exceeds similar proportions in metro areas.

Table 4. Household Income<sup>a</sup> Distribution by Race and Ethnicity, 1973-2003.

Year	Non-Hispanic White Percent Distribution				Median Household Income (Dollars)	Non-Hispanic Black Percent Distribution				Median Household Income (Dollars)	Hispanic Percent Distribution				Median Household Income (Dollars)
	Under \$14,999	\$15,000- \$49,999	\$50,000- \$99,999	\$100,000 or More		Under \$14,999	\$15,000- \$49,999	\$50,000- \$99,999	\$100,000 or More		Under \$14,999	\$15,000- \$49,999	\$50,000- \$99,999	\$100,000 or More	
1973	17.0	45.9	30.8	6.3	\$39,859	34.0	49.3	15.2	1.5	\$23,257	21.7	57.6	19.0	1.7	\$29,207
1975	17.7	48.7	28.6	5.0	\$37,467	36.4	48.6	14.0	1.0	\$22,324	25.6	57.3	15.5	1.6	\$26,715
1980	16.4	45.8	30.7	7.1	\$40,206	35.8	46.5	16.0	1.7	\$22,760	24.1	52.7	20.4	2.8	\$28,864
1985	15.6	44.3	30.8	9.3	\$41,527	34.1	46.0	17.3	2.6	\$24,163	26.3	50.3	20.1	3.3	\$28,478
1990	14.1	43.1	31.3	11.5	\$43,597	33.7	43.6	18.6	4.1	\$25,488	24.3	50.0	21.0	4.7	\$30,475
1995	13.8	41.8	31.4	13.0	\$44,564	30.5	45.2	20.2	4.1	\$26,842	26.8	49.7	18.9	4.6	\$27,401
2000	13.0	38.3	31.6	17.1	\$48,734	24.7	45.6	22.7	7.0	\$31,690	17.9	49.2	25.7	7.2	\$35,429
2003	13.4	38.3	31.0	17.3	\$47,777	27.4	44.3	21.6	6.7	\$29,645	18.9	50.1	23.5	7.5	\$32,997

<sup>a</sup> In 2003 Dollars

Source: DeNavas-Walt et al. 2004

Table 5. Number (in Thousands) and Percent of Families in Poverty by Type of Family, 1965-2003.

Year	Married – Couple			Female - Headed			Male – Headed			All Families		
	Total Families	In Poverty	Percent in Poverty	Total Families	In Poverty	Percent in Poverty	Total Families	In Poverty	Percent in Poverty	Total Families	In Poverty	Percent in Poverty
1965	42,107	-	-	4,992	1,916	38.4	1,179	-	-	48,278	6,721	13.9
1970	44,739	-	-	6,001	1,952	32.5	1,487	-	-	52,227	5,260	10.1
1975	47,318	2,904	6.1	7,482	2,430	32.5	1,445	116	8.0	56,245	5,450	9.7
1980	49,294	3,032	6.2	9,082	2,972	32.7	1,933	213	11.0	60,309	6,217	10.3
1985	50,933	3,438	6.7	10,211	3,474	34.0	2,414	311	12.9	63,558	7,223	11.4
1990	52,147	2,981	5.7	11,268	3,768	33.4	2,907	349	12.0	66,322	7,098	10.7
1995	53,570	2,982	5.6	12,514	4,057	32.4	3,513	493	14.0	69,597	7,532	10.8
2000	56,598	2,637	4.7	12,903	3,278	25.4	4,277	485	11.3	73,778	6,400	8.7
2003	57,725	3,115	5.4	13,791	3,856	28.0	4,717	636	13.5	76,232	7,607	10.0

Source: DeNavas-Walt et al. 2004

In Table 6, data are presented showing the number of people in three different age categories and the number and percent of these people in poverty from 1967 to 2003. This table shows that in 1967 poverty rates were much higher among those 65 and older (29.5 percent) and among children under 18 (16.6 percent) than among persons between 18 and 64 (10.0 percent). Since 1967, the age structure of the U.S. population has changed considerably. In 1967, 36.0 percent of U.S. residents were under 18, 54.7 were between 18 and 64, and 9.3 percent were 65 or older. By 2003, the proportion of the population that was under 18 had declined to 25.4 percent, while the proportion from 18 to 64 had increased to 62.6 percent and the proportion of elderly had increased to 12.0 percent. Between 1967 and 2003, the absolute number of young people changed very little, while there were substantial increases in the number of people in the other two age categories. Throughout the time period covered in the table, poverty rates have changed little for working age people (ranging from a low of 9.0 percent in 1970 to a high of 11.4 percent in 1995). Poverty rates for children have always been much higher and have ranged from 15.1 percent in 1970 to 20.8 percent in 1995. Meanwhile, poverty rates for the elderly have declined extensively. By 2003, elderly poverty rates were only 10.2 percent, and were actually lower than for working age people. No doubt the reduction of poverty rates among the elderly is a result of successful War on Poverty programs. The implications of these age structure changes for the distribution of poverty is important. A decline in the proportion of the population under age 18, and a decline in elderly poverty

rates have resulted in poverty being much more concentrated among those who are working aged than in the past. In 1967, 38.6 percent of the population in poverty was working age; by 2003, more than one-half (54.2 percent) of those in poverty were of working age.

Table 6. Number (in Thousands) and Percent of People in Poverty by Age, 1967-2003.

Year	Under 18			18 – 64			65 and Older		
	Total	In Poverty	Percent in Poverty	Total	In Poverty	Percent in Poverty	Total	In Poverty	Percent in Poverty
1967	70,408	11,656	16.6	107,024	10,725	10.0	18,240	5,388	29.5
1970	69,159	10,440	15.1	113,554	10,187	9.0	19,470	4,793	24.6
1975	65,079	11,104	17.1	124,122	11,456	9.2	21,662	3,317	15.3
1980	62,914	11,543	18.3	137,428	13,858	10.1	24,686	3,871	15.7
1985	62,876	13,010	20.7	146,396	16,598	11.3	27,322	3,456	12.6
1990	65,049	13,431	20.6	153,502	16,496	10.7	30,093	3,658	12.2
1995	70,566	14,665	20.8	161,508	18,442	11.4	31,658	3,318	10.5
2000	71,741	11,587	16.2	173,638	16,671	9.6	33,566	3,323	9.9
2003	72,999	12,866	17.6	180,041	19,443	10.8	34,659	3,552	10.2

Source: DeNavas-Walt et al. 2004

In sum, in this section on trend and correlates of poverty, the data show that poverty is remarkably persistent as the percent of people in poverty has only ranged from between 11.1 percent and 15.1 percent since 1973. Since the War on Poverty began in the 1960s, however, the correlates of poverty have changed considerably. Since the 1960s, poverty has become much more concentrated among metro residents than among nonmetro residents; persons in poverty are much more likely to be minority; persons in poverty are much more likely to reside in female-headed households; and persons in poverty are much more likely to be between the ages of 18 and 64.

### Theories of Poverty and Inequality

In order to develop policies that effectively reduce the problems associated with poverty and inequality, it is essential to have a sound theoretical understanding of these issues. In this section, an overview of the major theories of poverty will be provided. Later in the paper, these theoretical insights will provide guidance when discussing recommendations for developing community level poverty programs. Theories of poverty generally fall into two major categories: cultural and structural (Albrecht et al.

2000; Baca Zinn 1989; Duncan 1996). Cultural explanations are generally based on what has been called a “culture of poverty,” in which the primary problem or fault lies with the individual (Lewis 1966; Shulman 1990). According to cultural theories of poverty, people are poor because they have a distinctive culturally determined way of life that largely explains the occurrence and persistence of poverty. Relevant aspects of this “defective” culture include a limited time horizon, impulsive need for gratification, low aspirations, and psychological self-doubt. When these aspects are taken together, the resulting worldview helps poor people to cope with pervasive hopelessness and despair. Poor families and communities then socialize their young with these ingrained values and norms, and consequently limit or obstruct their successful participation in mainstream institutions. The resulting “underclass” thus becomes permanent and is “locked into its own unique, but maladaptive culture” (Baca Zinn 1989:67; Banfield 1970; Mincy 1994).

Since their emergence, cultural theories have been criticized widely. Several analysts maintain, for example, that they “blame the victims” for their poverty (e.g., Baca Zinn 1989; Corcoran et al. 1985; Shulman 1990; Wilson and Aponte 1985). As a result, the search for a more thorough understanding of poverty has continued (Fitchen 1981; Massey and Denton 1993).

The second major category of theories of poverty is summarized in a series of structural perspectives in which the causes of poverty are sought in the social or economic system rather than in the individual (Gordon et al. 1982; Tomaskovic-Devey 1987). From a structural perspective, it is argued that people are poor because racism, sexism, and segregation limit or deny certain categories or groups of people access to training or jobs that are sufficient to maintain an acceptable standard of living or quality of life (Cobb 1992; Maril 1988; Massey and Denton 1993). In addition, people living in some areas of the country or working in some segments of the economy may lack sufficient access to high-quality jobs or economic opportunities (Duncan 1992; Lobao 1990). Further, the massive restructuring of the economy has contributed to the increased economic and social marginalization of entire groups of people.

Social science research has consistently found support for structural as opposed to cultural theories of poverty (Albrecht et al. 2000). The data presented earlier in this paper showing rates of poverty to be higher among nonmetro residents, minorities, persons residing in female-headed households and children provide direct support for structural theories. Surely poverty cannot be explained simply by arguing that it reflects individual “choices” to drop out of the labor-force or to acquire inferior education and skills. Thus, several recent attempts have been made to incorporate cultural elements into structural theories without blaming the victim (Duncan 1996). Especially relevant is the work of William Julius Wilson (1987) and Massey and Denton (1993). In *The Truly Disadvantaged*, Wilson maintains that persistent urban poverty results from the structural transformation of the inner-city economy. The decline of manufacturing, the loss of jobs to the suburbs, and the rise of low-wage service-sector employment dramatically reduce

the number of inner-city jobs that pay wages sufficient to support a family. This situation leads, in turn, to high rates of unemployment and underemployment, and to shrinkage in the pool of male household heads financially able to support a family. Marriage thus becomes less attractive and less available to poor women, unwed childbearing increases, and female-headed families proliferate. This problem is exacerbated as large numbers of males out-migrate in search of more attractive employment, and the sex ratio becomes increasingly unbalanced (Albrecht and Albrecht 2001; Albrecht et al. 1997; Guttentag and Secord 1983). At the same time, middle-class persons abandon the inner city for suburban jobs, leaving behind destitute communities that lack the institutions, resources, and values necessary for success in a postindustrial society. The processes described by Wilson have been supported by recent ethnographic studies (e.g., Anderson 1999; Bourgois 1995) and researchers have found strong support for the Wilson model among both the black populations of urban areas (Eggers and Massey 1992), and in nonmetropolitan communities (Albrecht et al. 2000).

While recognizing the importance of the economic restructuring of the American workforce, Massey and Denton (1993) maintain that a more critical factor in the continued high rates of poverty, inequality and disadvantage for minority persons is that minority populations are physically isolated from majority populations. In metro communities, minority concentration means that minority groups tend to reside in residentially segregated and isolated sectors of the community. While within community residential segregation also occurs in nonmetro areas, an additional feature is that for many small communities, nearly all residents are minority and in sparsely populated areas, it may be significant distances to a community with a substantial majority population. Massey and Denton (1993) argue that economic restructuring, in the absence of segregation, would not have produced the disastrous social and economic outcomes that have been observed. Massey and Denton state that this physical isolation systematically undermines the economic well-being of minorities. This occurs because segregation concentrates poverty, which results in under-funded and ineffective institutions in minority communities. Minority residents of segregated communities not only lack the advantages of strong institutions, but they also have only limited contact with successful members of either the minority or majority community. Segregation has thus been instrumental in creating a structural niche in which a deleterious set of attitudes and behaviors has arisen and flourished. The result is a set of mutually reinforcing and self-feeding spirals of decline. Of greatest concern is that patterns of extensive segregation show little signs of change. Massey and Denton argue that until the ghetto is dismantled as a basic institution, progress ameliorating racial poverty and inequality in other arenas will be slow, fitful and incomplete.

Thus, from the perspective of Wilson (1987) and Massey and Denton (1993), the structural transformation of the economy and the structural persistence of segregation create circumstances conducive to high rates of poverty. With families in poverty and residents lacking the skills to maintain institutions that could compensate, the problem

increases with each succeeding generation. In effect, poverty has primarily structural roots, but cultural values and lifestyles that exacerbate the problem eventually emerge (Albrecht et al. 2000). From this perspective, since poverty has structural causes, programs to decrease poverty levels must be based on changing problematic structures. Values and attitudes are generally a consequence of these structures.

### **Factors Impacting Future Poverty and Inequality Patterns**

Since the War on Poverty began, the number of persons living in poverty has remained relatively stable and the percent of the population in poverty has declined despite structural changes that create circumstances conducive to increased levels of poverty and inequality. The magnitude of these structural changes is likely to increase in future years. Based on the earlier discussion of structural theories, it can be expected that these economic and social changes will have major implications for future poverty and inequality trends. Most prominent among these structural trends are economic restructuring and a variety of changing social conditions. Each of these factors will be discussed in this section.

#### **Economic Restructuring, Poverty and Inequality**

Among the more profound changes affecting American society in recent decades are transitions in the way that people make a living (Bluestone and Harrison 1982; Sassen 1990). This economic restructuring has resulted in America moving from an agricultural society where most families depended on farming, to an industrial society where manufacturing comprised the largest segment of the country's GDP, to the post-industrial society of today where a majority of the labor force is employed in the service sector (Morris and Western 1999). Economic restructuring is important because agricultural jobs are fundamentally different from manufacturing jobs, which in turn are fundamentally different from service jobs. Different industries have different wage structures and different work schedules for their employees; they require different levels and types of education; they differ in the types of relationships that exist between owners and workers; and they vary in the proportion of the workforce that is either male or female. All of these and other factors are likely to have major implications for the economic stability of individuals and families, relationships within families, the strength of community institutions, political outlooks and numerous other aspects of life (Albrecht 1998). Of specific importance for this paper, researchers have found that economic restructuring has significant implications for poverty levels and the extent of inequality.

Communities in the nonmetropolitan United States have been dramatically altered by two major economic structure transformations that began during the twentieth century, and continue into the early twenty-first century. The extent of the impacts of these economic structure transformations vary greatly from one community to another. The first transformation occurred primarily through the middle decades of the twentieth

century, though it continues today on a reduced basis. This transformation consists of a massive decline in agricultural employment, largely offset, at least initially, by increased manufacturing employment (Fuguitt et al. 1989; Johnson 1989). The second transformation has been unfolding since the late 1970s, though its full implications are just now being felt and understood. This transformation consists of a decline in both agricultural and manufacturing employment (Perrucci et al. 1988) with corresponding increases in service sector employment (Albrecht 2004; Kassab and Luloff 1993).

### **The First Economic Structure Transformation**

Historically, nonmetropolitan America was economically dominated by the agricultural sector. Even into the middle decades of the twentieth century, farmers were by far the most numerous occupational group in the country. In 1940, for example, the farm population comprised nearly one-fourth of all U.S. residents and a majority of nonmetro residents (Albrecht and Murdock 1990; Beale 1978). Then the first economic structure transformation began to unfold. Largely as a result of technological developments that greatly increased the labor capacity of farmers and allowed them to operate progressively larger farms, there was a rapid increase in the size of the average farm, and a corresponding decline in the number of farms (Dorner 1983; Paarlberg 1980). Between 1940 and 2002, the number of farms declined from over six million to less than two million, while the farm population was reduced from 30 million to 3.9 million. This transition led to what Beale (1993) described as the largest peacetime movement of people in U.S. history as millions of people left the farm, many of them migrating to metropolitan areas. As the number of farm workers plummeted, the booming manufacturing sector began moving to nonmetro communities where industry could employ displaced farm workers and at the same time avoid unionization and keep labor costs lower (Fuguitt et al. 1989). The availability of manufacturing jobs in nonmetro communities slowed the pace of nonmetro to metro migration. Eventually, manufacturing employment far exceeded agricultural employment even in nonmetro areas.

### **The Second Economic Structure Transformation**

Following World War II, the American manufacturing sector began a period of spectacular growth and it was soon apparent that the United States could best be described as an industrial nation rather than an agricultural nation. Manufacturing was the dominant industry in both metro and nonmetro areas from shortly after World War II until the late 1970s, when it became apparent that another major economic structure transformation was occurring in the United States. At this time, the number and proportion of manufacturing jobs began an initial decline (Bluestone and Harrison 1982; Sassen 1990) that has since increased in scope and magnitude (Morris and Western 1999). Some of the manufacturing jobs were lost as a result of technological advancements where machines replaced human labor in the production process. Many

other manufacturing jobs have been outsourced to foreign countries by multi-national corporations to take advantage of lower wages in these countries (Harrison and Bluestone 1988). The loss of manufacturing has been offset by extensive growth in service sector employment.

### **The Consequences of Economic Restructuring**

An extensive literature has emerged which seeks to better understand the consequences of economic restructuring. Among the more prominent aspects of this literature are models that provide insights on the poverty and inequality consequences of economic restructuring. These models maintain that the consequences of economic restructuring are largely a result of basic differences between manufacturing and service jobs. Briefly defined, manufacturing involves transforming agricultural products and other raw materials into products that are much more valuable than the original raw material (Amsden 2001). In contrast, a service is intangible; it is produced and consumed simultaneously, and the customer generally participates in the production. Most often, the producer and the consumer are face-to-face, or intimately communicating through some other medium (Macdonald and Sirianni 1996). The most critical difference between manufacturing and service employment is that most manufacturing jobs in the U.S. could be described as middle income, while service jobs are much more diverse. The emergence of millions of middle-income manufacturing jobs resulted from processes that unfolded over several decades. Through the years, American manufacturing used increasingly advanced technology which allowed them to produce high quality products rather cheaply and then market these products throughout the world (Chevan and Stokes 2000). With high productivity and high demand, unions were then able to seek and attain relatively high wages for a large segment of the industrial work force. As a result, family incomes, adjusted for inflation, doubled in the two decades following World War II. The highly productive manufacturing sector made possible the historically unique role of allowing relatively high levels of affluence for ordinary workers (Danziger and Gottschalk 1995). The consequence was a large middle class and relatively low levels of inequality.

In contrast to the largely middle income manufacturing sector, service jobs are much more diverse. Some service jobs are high quality (Sassen 1990), but most could be described as low-pay, low-skill, temporary and seasonal (Kassab and Luloff 1993). With the prominence of low-quality service jobs, the decline in earnings between the jobs lost (mostly middle-income manufacturing) and the new jobs that have been created (mostly low-income service) has reached \$10,000 per year (Morris and Western 1999). The obvious outcomes of replacing middle income manufacturing jobs with service jobs that are much more diverse include poverty and inequality. Two important theoretical models have been developed to describe the process through which economic restructuring results in increased poverty and inequality. Each will be briefly described below.

### **The William Julius Wilson Model of Poverty**

This model was discussed earlier when describing models that provide cultural explanations for structural theories of poverty. The basis of this model is economic restructuring where the decline of manufacturing and the rise of low-wage service-sector employment have started a complex process where the end result is poverty and institutional decline and values and attitudes incompatible with success in the modern world (Wilson 1987).

### **The Kuznets' Inequality Curve**

An additional significant body of literature has argued that the extent of inequality in a society is predictable from the industrial structure and the level of economic development in that society. This literature is founded on the pioneering work of Kuznets (1953; 1955). Writing during the 1950s, Kuznets conjectured that the relationship between economic development and inequality would follow a pattern that generally resembled an inverted U. That is, during the early stages of industrialization, inequality would increase, eventually reach a peak, level off, and then decline. In the case of the United States, Kuznets found that inequality increased during the 1800s as industrialization progressed, reached a peak in the 1890s, remained stable for a few decades, and then began to decline in the 1920s (Alderson and Nielson 2002). Subsequent research provided general support for this model in the United States and other advanced societies (Lindert 2000; Lindert and Williamson 1985; Nielson 1994; Nielson and Alderson 1995).

As expected from the Kuznets model, inequality in the United States continued to decrease through the 1950s and 1960s. Then in the 1970s, researchers began noticing a major departure from the Kuznetsian scenario as income inequality began to increase in the United States and other advanced societies. This phenomenon was labeled the “great U-turn” by Harrison and Bluestone (1988). This increased inequality was apparent in the data presented in Table 1. Using the expected relationship with economic structure as a base, a prominent argument has been that some advanced societies have developed beyond a dependence on manufacturing, and have become “postindustrial”. That is, these societies no longer primarily rely on manufacturing for employment and income, but they are now more dependent on service sector employment. Specifically, since the 1970s, there has been a significant decline in manufacturing employment and an even greater increase in service-sector employment (Bluestone and Harrison 1982; Sassen 1990). For the remaining manufacturing jobs, the wages of U.S. workers have declined in order for these workers to compete in an increasingly global economy. Further, as imports from less developed countries, produced with cheaper labor, increasingly enter the U.S., the prices of similar U.S. produced products are forced down, which subsequently cause further reductions in the wages of U.S. workers (Cline 1997). Using the expected relationship with economic structure as a base, a prominent argument has

been that the loss of largely middle-income manufacturing jobs, and replacing them with service jobs that are both high quality and low quality, is resulting in higher levels of inequality. With advancing economic development resulting in increased levels of inequality, it seems that Kuznets' inverted U is beginning to resemble an N (Alderson and Nielson 2002). Studies of U.S. counties (Nielson and Alderson 1997) and nonmetro counties (McLaughlin 2002) have found support for the expectation that increased service employment is related to higher levels of inequality.

### **Changing Social Conditions, Poverty and Inequality**

The economic restructuring of the United States economy has been paralleled by significant social changes. Some scholars argue that these social changes, rather than economic restructuring, are the major reason for increased income inequality (Chevan and Stokes 2000; Morris and Western 1999). Like economic restructuring, these changing social conditions are likely to exert strong pressure for higher poverty and inequality levels in the future. Among the social trends most relevant for poverty and inequality are the changing participation rates of men and the increased entry of women into the labor force, growing minority populations, the increased prevalence of single-parent households, and the changing age structure of the population. Each will be briefly discussed below.

#### **Changing Male and Female Labor Force Participation**

Changing employment levels for both males and females may potentially be related to poverty and inequality. In previous decades, males had much higher labor force participation rates than females and wage levels for males have always been higher than wage levels for females. Recently, male employment rates have declined overall, and have been less stable from time to time and more uneven from community to community. At the same time, the rate of female participation in the labor market has increased substantially. It is logical that where male employment rates are lower, the loss of the generally higher male incomes should result in more low-income families and thus more poverty and inequality. On the other hand, since women earn significantly less than men, the increased prevalence of low-income female workers will likely have the same consequences – that is, more poverty and inequality (Nielsen and Alderson 1997; Cancian and Reed 1998; 1999; Treas 1987). Of course, the impacts of male and female employment trends will be influenced by family structure changes. For married-couple families, increased female employment will mean higher family incomes. However, with growing numbers of single-parent families, increased female employment is likely to be at least partially a result of the increased numbers of single mothers who need a job to support their family. Under these circumstances, higher rates of female employment are likely to be related to higher levels of poverty and inequality.

## **Increasing Minority Populations**

As noted earlier, the number of minority residents of the United States has increased extensively in recent decades. This is especially true of Hispanic populations. As shown in Tables 3 and 4, even after decades of legislative efforts, minority workers continue to have much lower incomes than white workers. Thus larger minority populations are likely to mean greater levels of poverty and inequality.

## **Changing Family Structure**

As discussed earlier, changing family structure, and specifically, increased numbers of single-parent families is among the more profound changes affecting U.S. society. The gap in earnings between married-couple families and single-parent families is substantial. Thus, as the proportion of single-parent family's increase, poverty and inequality levels are likely to increase as a consequence.

## **Changing Age Structure**

Between 1946 and 1960, large numbers of babies were born in the United States and the consequence was the “Baby Boom” generation. The aging of the Baby Boom generation has had and will continue to have major implications for many aspects of American society, including poverty and inequality. From the time the War on Poverty was declared until after 1970, the number of children in poverty exceeded the number of working age persons in poverty. Prior to 1970, most of the Baby Boom generation was still under age 18. As the Baby Boom generation moved from childhood to adulthood, the number of children in this country actually declined while there was a rapid increase in the number of people between 18 and 64 (see Table 6). Thus, as discussed earlier, a majority of people in poverty are now between 18 and 64. Again, major changes are on the horizon. Beginning in 2011, the Baby Boom generation will begin turning 65. From that point forward, for a couple of decades, the number of elderly and the proportion of the population that is elderly will increase rapidly. No doubt, the result will be that poverty will increasingly become a problem of the elderly. While the proportion of the elderly population currently living in poverty is now lower than the proportion of the working age population living in poverty, the economic costs of programs making this possible are extensive. Maintaining the viability of Social Security, Medicare and other programs for the elderly are issues of major significance that are currently being debated in this country.

## **Confronting Poverty: Potential National and Community Responses**

Since the War on Poverty was declared four decades ago, numerous programs have been implemented in an effort to eliminate, or at least reduce, poverty levels. Since these programs have not succeeded in making substantial inroads in reducing poverty,

they have been considered to be a failure by many. This is certainly not completely the case. Many of the programs originally implemented, or in some cases expanded, in the 1960s, such as Medicare, Medicaid, Head Start, Food Stamps and the Job Corps are still in operation today. The economic well-being of millions of people has been enhanced by these programs (Danziger et al. 1994). Many of these programs have been successful in meeting their stated goals. The proportion of the population in poverty among groups specifically targeted by these programs has been greatly reduced. For example, since Social Security payments were tied to inflation, most of the elderly have been lifted out of poverty (Burtless 1994), and poverty rates among the elderly are now lower than among working age people. There is no doubt that poverty in this country would be much worse without these programs.

In considering the future of national poverty programs, it should be remembered that the economic and social changes discussed earlier have made poverty reduction efforts much more difficult than in the past. These altered economic and social conditions must be considered if future programs are to be successful. Each of these economic and social changes represents structural changes in our society. It is essential that programs deal with the structural roots of poverty if they are to be successful. To a large extent, cultural values and attitudes are a consequence of structural circumstances. Four important structural changes will be mentioned here. First, economic restructuring, where millions of middle-income manufacturing jobs have been replaced by largely low-income service jobs means that many people with full-time employment are still living in or near poverty. Thus, implementing employment programs to lift people out of poverty will be problematic. The success of the *Personal Responsibility and Work Opportunity Reconciliation Act of 1996* has been reduced because getting a job does not necessarily mean getting out of poverty (O'Connor 2001). Overcoming these employment obstacles will be extremely difficult simply because there are fewer middle income jobs and more low-income jobs available than in the past. Second, if future policies are to be effective, they must specifically target minority populations. There have been significant increases in minority populations in recent decades, and since minority poverty rates remain high, persons in poverty are much more likely to be minority than in the past. Third, the number of people living in single-parent families has greatly increased in recent decades, and as a result, the majority of families living in poverty at the present time are female-headed. This is of great concern because it is estimated that at least half of the current generation of children will spend at least part of their life between birth and age 18 living in a home with a single-mother (Garfinkel and McLanahan 1994). Thus, programs to strengthen families and to provide assistance to individuals living in single-parent families are paramount. Fourth, in the next few years, the Baby Boom generation will begin to reach retirement age. This means that the costs of maintaining programs to keep the elderly from poverty will increase dramatically.

Community leaders in nonmetropolitan areas are constrained by existing national and state programs as they attempt to implement local poverty reduction efforts. In many

cases, nonmetro communities are also constrained by the fact that municipal budgets do not allow them to employ full-time professionals to seek grants and the funding of programs to assist communities in their efforts to increase incomes and reduce poverty. Despite these constraints, efforts must proceed. It should be remembered that successful poverty reduction programs must be based on changing problematic structures. For example, programs to provide more quality jobs or improve schools will generally provide better results than efforts to change attitudes.

The first path that should be explored by nonmetro community leaders is to improve the number and quality of employment opportunities available to local workers. The obstacles and opportunities faced in attempts to attract jobs and businesses vary greatly from community to community. For many communities these obstacles are significant. Historically, the most prominent sources of employment in most nonmetro communities have been agriculture and manufacturing. Employment opportunities in both of these industries are declining. Many nonmetro communities have been heavily dependent on a single industry, and when this industry declines the impacts are extensive. Further, the benefits of attracting service jobs may not be very great because of the low-pay associated with many service jobs. Even if efforts are made to attract service sector jobs, research is showing that some nonmetro communities have significant advantages over other nonmetro communities in attracting these jobs. Specifically, communities with natural amenity advantages are generally more successful in attracting service jobs than communities lacking these amenity advantages (Albrecht 2004).

There are opportunities to attract jobs that were not generally available to nonmetro communities in the past. Of prime significance are rapid developments in computers, the Internet, and other forms of information technology. With computers, information can now be stored, accessed, and transferred in ways almost unimaginable a few years ago. Further, this technology has become so cheap that it is available to large numbers of individuals and companies. Of major importance to nonmetropolitan communities is that the emergence of computers and information technology has greatly reduced the relevance of location (Brown and Swanson 2003; Falk et al. 2003). To a greater extent than at any time in the past, families and firms can establish their homes and places of business where they wish and still be connected to the necessary markets and customers. In the past, many individuals and firms were obligated to locate near metropolitan centers because these communities, by definition, had the advantage of being nearer to markets and larger numbers of customers. Now many of those who wish to can still be connected to the necessary markets and customers and at the same time enjoy the advantages of nonmetro living. Further, in the past, persons residing in nonmetro areas were generally required to live near where traditional resources (such as forests, fisheries or the soil, water and climate essential for agriculture) were available. This is no longer the case. Nonmetro communities now have the potential of attracting high quality jobs that were previously limited to metro communities (Albrecht 2004).

Finally, a key to any local community effort to increase economic well-being and reduce poverty is education. Local schools are an arena where community residents can have a direct and significant impact. The relationship between a quality education and economic security is much greater now than in the past. The economic structure transformations described earlier are resulting in the United States moving from a middle-class nation to a dualistic nation. In recent years, there has been an increase in the number of high-income jobs, an increase in the number of low-income jobs, and a decline in the number of middle-income jobs. Virtually all of the high quality jobs require advanced education or specialized training. In the past, individuals lacking the advanced education or specialized training needed to attain a high-quality job, could generally obtain a middle-income jobs, often in the manufacturing sector. This is no longer the case. In the economy of today, individuals who fail to qualify for the high-quality jobs will often be relegated to one of the growing number of low-quality jobs. It is vital that local schools prepare their young people for this world.

### **Footnotes**

<sup>1</sup> The Census Bureau uses a set of money income thresholds that vary by household size and composition to determine who is in poverty. In 2003, average poverty thresholds varied from \$9,393 for a one person household, to \$37,656 for a household of nine or more persons. If a household's total income is less than that household's threshold, then that household and every individual in it is considered in poverty. Poverty thresholds are updated annually for inflation using the Consumer Price Index (DeNavas-Walt et al. 2004). A variety of alternative poverty measures have been developed that consider the availability of other resources and costs for the household. For example, some measures exclude taxes and work-related expenses such as transportation and child care from household income (Dalaker 2005). While these alternative measures perhaps reflect the reality of conditions that households face, this paper will be based on the traditional measure because it will allow direct comparisons with other studies

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