

Poverty measurement in the US: Income transfers alone won't eradicate poverty

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Barack Obama promised to halve poverty within ten years. His Republican opponent, John McCain, vowed to "make the eradication of poverty a top priority of the McCain Administration." Even in the current economic situation, in developed countries, this kind of rhetoric about cutting "poverty" is misleadingly outmoded—because it implicitly suggests that government income transfers can be the vehicle for achieving substantial reductions in poverty.

Almost all Americans already live far above subsistence poverty, most because of their earnings, and the rest because of [government](#) transfer programs. This decline in material poverty is obscured by weaknesses in how the official U.S. poverty measure counts [income](#). Based on the official U.S. poverty measure, in 2007, the poverty rate for American families was 12.5 percent, about the same as it was in 1968.

What is now called poverty is really "income inequality." Many families earning too much to be considered victims of poverty but who lack the "human capital", education, training, and family support systems to provide a stable economic future for their children. In an effort to properly measure poverty levels and brainstorm long-term solutions to the issue, three socioeconomic experts and researchers joined in a call and response format debate in a recent issue of *Policy Studies Journal*.

In their article, "Income Transfers Alone Won't Eradicate Poverty," Douglas J. Besharov J.D. and Douglas M. Call of the University of Maryland, claim that government-issued cash transfers to families in

need do little in the long-term to help lift people out of poverty. Besharov and Call claim that although government intervention is often required to reduce income inequality and provide social assistance, it cannot be accomplished through income transfers alone. The authors argue that, although income transfers have a role to play in lessening the impact of material deprivation, real progress in raising incomes will require building the human capital of the economically disadvantaged. This means both increasing the earnings capacity of lower-income workers and reducing the number of female-headed families.

In his response to Besharov's and Call's article on income transfers, "Measuring Poverty and Assessing the Role of Income Transfers in Contemporary Anti-Poverty Policy: Comments on Besharov and Call," Robert D. Plotnick analyzes the current economic and political trade-offs among different types of income support programs. Plotnick, says, "The current poverty measurement approach in the U.S. has shortcomings that give us a misleading view of the level and trend in poverty, but absolute poverty statistics still provide useful, relevant information." He focuses on the central theme to the debate: how best to reduce poverty among working age families with children.

Plotnick points out that many people are concerned that needs-tested income support programs discourage work and that expanding them would make the problem worse. Even without major changes in the U.S. income support system, alternative and low-cost income support strategies, such as stronger enforcement of child support obligations and expanding eligibility for unemployment insurance, could assist families living in poverty. Like Besharov and Call, Plotnick also supports efforts to increase skills and earnings among the working poor. Promising policy options include tougher enforcement of labor laws for firms that employ low skill workers, improving work incentives for low-wage workers without children (who will eventually become parents), and expanding programs that have helped prepare disadvantaged young men

for college and parenthood.

More information:

To view an abstract of the article by Douglas J. Besharov and Douglas M. Call titled, "Income Transfers Alone Won't Eradicate Poverty," please visit [www3.interscience.wiley.com/jo ... /1/122657752/abstract](http://www3.interscience.wiley.com/jo.../1/122657752/abstract) .

To view an abstract of the article by Robert D. Plotnick, "Measuring [Poverty](#) and Assessing the Role of Income Transfers in Contemporary Anti-Poverty Policy: Comments on Besharov and Call," please visit [www3.interscience.wiley.com/jo ... /1/122657758/abstract](http://www3.interscience.wiley.com/jo.../1/122657758/abstract) .

To view an abstract of the article by Douglas J. Besharov and Douglas M. Call titled, "Lessons from the 2008-2009 Recession: Response to Plotnick," please visit [www3.interscience.wiley.com/jo ... /1/122657756/abstract](http://www3.interscience.wiley.com/jo.../1/122657756/abstract) .

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