

Research shows dramatic differences in poverty throughout US

February 3 2015, by David Grusky And Clifton B. Parker

The Stanford Center on Poverty and Inequality issued a new report card today showing that the 50 states are running strikingly different anti-poverty systems.

As one of three national [poverty](#) centers, the Stanford center issues an annual "State of the Union" report on poverty and inequality, with this year's focusing on the country's ongoing experiment with highly decentralized poverty policy.

The [report](#) shows that, by virtue of such decentralization, poverty and inequality come in a great many forms. Although some states are deeply disadvantaged, other states have found ways to create a more vibrant labor market and fashion more viable institutions, among other strategies.

The implication, according to the center's director, David Grusky, is that "it matters a lot where the stork drops the child." If the child loses the lottery and is dropped into a struggling state, she's at risk, Grusky suggests, of "growing up poor and unhealthy, failing to get a good job, and losing out on the American dream."

The report cites several other key findings:

- **State policies can affect poverty.** Although poverty and inequality are affected by many factors over which state governments have little control, states exercise discretion in

setting up their welfare systems and programs. The report reveals much variability in the effectiveness of state welfare programs, with some states providing almost two-thirds of the support needed to bring incomes up to the poverty line (e.g., New Jersey), whereas others provide no more than one-third of the requisite support (e.g., Wyoming).

- **States that struggle with one type of poverty problem tend to struggle with many others as well.** The child who grows up, for example, in Alabama – the lowest-ranking state in the study – is faced at once with a weak labor market, limited opportunities for education and mobility, high health risks and an anemic safety net. This tendency for convergence creates especially wide disparities across states in opportunities and outcomes.
- **Regional clustering magnifies the problem.** The high-poverty states are not scattered haphazardly across the United States. If that were the case, then children born into them would see nearby opportunities and could readily move into these less disadvantaged adjacent states. But because the high-poverty economies are instead clustered within a broad swath of contiguous Southern states, residents are obliged to leapfrog over large distances to escape such disadvantage.
- **Clear limits exist to state policy.** The two main economic forces of our time – the long-term rise in income inequality and the recent economic downturn – continue to exert powerful effects that can overwhelm state policy. Although [states](#) differ substantially in their baseline levels of employment and income inequality, there is a striking cross-state consistency in how those baseline levels have responded to the main economic forces in play.

In every state, the report finds, the Great Recession that began in 2008 reduced prime-age employment, with this reduction persisting well into the recovery. Likewise, the share of total income going to the top 1

percent has increased in every state since 1980, a trend that was only temporarily interrupted with the recession. These results reveal the limits to state policy when it is faced with overwhelming forces of the sort behind the Great Recession and the takeoff in income inequality.

The researchers conclude by asking whether state or federal policy is "intrinsically limited in its capacity to take on forces of this magnitude." The key problem, they note in the report, is not any such intrinsic limitations but that state and federal policy has come to be practiced in such a shrunk and circumscribed way.

"If we continue to limit ourselves to narrow-gauge and piecemeal reform, then of course we'll likely continue to yield equally small returns," the researchers write.

The report notes that the alternative to such narrow-gauge reform is to open up to "major institutional reforms that eliminate fundamental inequalities of access and opportunity."

Provided by Stanford University

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