

# Most people experience relative poverty at some point

July 23 2015, by Anne Ju

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How does one define "poverty?" The federal government draws a line, and if you're below it, you're poor. A Cornell sociologist seeking a more nuanced view of the American experience says poverty can be better understood in a relative sense – that is, looking at how people stack up against each other, as opposed to against a specific income standard.

Tom Hirschl, professor of development sociology in the College of Agriculture and Life Sciences, and collaborator Mark Rank of Washington University in St. Louis, have found that between the ages of 25 and 60, more than 60 percent of the U.S. population will experience a year below the 20th percentile of total income distribution. Forty-two percent will experience a year below the 10th percentile. In other words, most people, at some point, will be poor – relative to everyone else.

Their study, published in the open-access journal *PLOS One* July 22, contends that a one-time snapshot is inadequate in measuring the character of poverty. Using data from the University of Michigan's Panel Study of Income Dynamics, they uncover substantial fluidity at the bottom of the income distribution. "Taken together, these findings indicate that across the American life course, there is a large amount of income volatility," the study says.

Their results, which tracked earners over their life courses from 1968-2011, are consistent with findings from a previous paper that focused on America's top earners – the so called 1 percent. In that study, they found that Americans have a 1 in 9 chance of joining the 1 percent,

but only a few get to stay there for 10 years or more.

The same fluidity seems to exist elsewhere on the income distribution scale. Rather than a rigid class structure, it seems the top and bottom ends of income distribution are fairly porous, the researchers say.

"We wanted to assess the prevalence of relative poverty," Hirschl said. "Our reasoning is that the upper rungs of the income distribution are rising, so now people at the bottom are relatively more deprived than they were before."

Moreover, Hirschl said, the federal poverty measure has not kept up with modern trends in the cost of living. The federal poverty line is based on the cost of food, and presumes a constant ratio between food costs and other costs of living, and in particular doesn't account for increased housing and health care expenses. Thus the federal poverty guideline is too low, relative to the true cost of living, Hirschl said.

Hirschl and Rank's work challenges the perception that America is a mostly middle-class society. "What we're finding is that people typically move up and down over time," Hirschl said. "So this suggests that we're becoming a society where people commonly have extreme incomes. ... There are people who persist in the middle, but they are a minority."

**More information:** "The Likelihood of Experiencing Relative Poverty over the Life Course." *PLoS ONE* 10(7): e0133513. [DOI: 10.1371/journal.pone.0133513](https://doi.org/10.1371/journal.pone.0133513)

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