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# Luxembourg Income Study Working Paper Series

Working Paper No. 315

Sociology of Poverty

Timothy Smeeding

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## **Sociology of Poverty**

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## **Abstract**

Sociologists and other social scientists in rich countries have long been concerned with economic and social deprivation. This entry addresses both the nature and causes of poverty from a sociological perspective and the way that sociologists and social scientists have measured poverty in national and cross-national contexts. Sociologists tend to focus on external (to the individual) explanations of poverty, such as those based on place, class, gender, economic power, and related contextual variables. Thus, poverty is almost always relative to place and context. Poverty measurement, social indicators and other measures of deprivation are also discussed in some detail and the most recent relevant literature is cited.

## **Introduction**

Sociologists have long written about the topic of poverty, as have economists and other social scientists. Indeed, this International Encyclopedia of Social and Behavioral Science (IESBS) entry is complemented by several others with similar themes. Readers may therefore want to also consult other entries as well (e.g., measurement of poverty; poverty and gender in industrialized nations). We begin with a basic description of the nature and causes of poverty as seen by sociologists, and second with the techniques used to measure poverty by sociologists and other social scientists in both national and cross-national contexts. Our study also focuses on cross-national comparisons with rich countries; those interested in poverty in developing nations should consult the IESBS entry on this topic.

## **Sociology and Poverty**

Because the fundamental concept of poverty concerns itself with having too little resources or capabilities to participate fully in a society, the study of poverty has found a wide following in sociology. Sociologists have been more interested in the explanation of poverty than in its measurement, though almost all sociologists believe that poverty statistics are meaningful social indicators of basic needs (Piachaud 1987; Townsend 1973; Ringen 1985). Sociological interests in poverty center around the ideas of the “culture” of poverty and the effects of “place” on poverty. The urban—central city—

ghetto aspects of this issue are well treated in the work of Wilson (1987), Massey and Denton (1993), and Massey (1996), Harrington's classic work, *The Other America*, covers rural deprivation as well (Harrington 1981). Roles of culture, power, social structure, and other factors largely out of control of the individual are the main forces which sociologists use to explain poverty. The basic working hypothesis is that individuals are strongly influenced by the physical and cultural context on which they live. "Neighborhood" exerts a strong influence on behavior and concentrated poverty in central city ghettos therefore has a strong negative effect on future life chances and long-run deprivation. Indeed, in the United States, this has spawned interest in the so-called "underclass" which goes beyond poverty, alone to include all persons with dysfunctional behaviors living in "bad" neighborhoods (Mincy, Sandhill, and Wolf 1990). The European terms for a similarly disaffected population is "social exclusion" which is also beyond poverty measurement per se (Room 1999; Hills 1999; Glennester et al. 1999)

Gender and household structure also frequently play a role in sociological theories of poverty (e.g., Miller 1996; Ringen 1985). As women's roles in society often leave them with caregiving responsibilities, with low paying careers and jobs, and therefore in poor economic circumstances, poverty is often high among single female parents and elderly widows. Thus, we find a preponderance of women in poverty in most rich nations (Casper, McLanahan, and Garfinkel 1994; McLanahan, Swenson, and Watson 1989; Christopher et al. 2001).

In general, sociologists are critical of the economist's perspective of free choice models whereby individuals control their own destiny and are therefore the cause of their own poverty (Piachard 1987). Some sociologists even feel that poverty has a functional role to play in capitalist society (e.g., Gans 1973). Ultimately, however, sociologists, like all other social scientists, need to first establish the breadth and depth of this social phenomenon called "poverty" before they can meaningfully analyze it and explore its ultimate causes and remedies. Thus, we turn to measures and comparisons of poverty employed by sociologists and other social scientists within and across nations.

## **Poverty in Rich Nations: Concepts and Measures**

We begin by noting that poverty measurement began as an Anglo-American social indicator. In fact, "official" measures of poverty (or measures of "low income") exist in very few nations. Only the United States (U.S. Bureau of the Census 1999) and the United Kingdom (Department of Social Security 1993) have "official" poverty series. Statistics Canada publishes the number of households with incomes below a "low income cutoff" on an irregular basis, as does the Australia government. In Northern Europe and Scandinavia the debate centers instead on the level of income at which minimum benefits for social programs should be set. In other words, their concept of insufficient "low income" is directly fed into programmatic responses to social needs (Björklund and Freeman 1997).

While poverty measurement is an exercise that is particularly popular in the English-speaking countries, most rich nations share the Anglo-Saxon concern over

distributional outcomes and the well-being of the low-income population. There is no international consensus on guidelines for measuring poverty, but international bodies such as the United Nations Children's Fund (UNICEF 2000), the United Nations Development Programme (UNDP 1999), the Organization for Economic Cooperation and Development (OECD 2000), and the European Statistical Office (Eurostat 1998), have published several cross-national studies of the incidence of poverty in rich countries in recent years. The large majority of these studies are based on the Luxembourg Income Study (LIS) database which can be accessed remotely via internet at [www.lis.ceps.lu](http://www.lis.ceps.lu). Some examples of these studies include Foster (1993), Jäntti and Danziger (2000), Smeeding, Rainwater, and Burtless (2000), Kenworthy (1998), and Smeeding, O'Higgins, and Rainwater (1990), many of which are directly available on line from the LIS web page.

The measurement of poverty in rich nations involves the comparison of some index of household well-being with household needs. When command over economic resources falls short of needs, a household (or person or family) is classified as poor. Well-being refers to the material resources available to a household. The concern with these resources among most social scientists, including sociologists, is not with material consumption *per se*, but rather with the capabilities such resources give to household members so they can participate fully in society (Sen 1983, 1992). These capabilities are inputs to social activities, and participation in social activities gives rise to a particular level of well-being (Rainwater 1990; Coleman and Rainwater 1978). Methods for measuring a person's or household's capabilities differ according to the context in which



one assesses them, either over time or across nations or among subpopulations within a nation.

Most sociologists recognize that all advanced societies are highly stratified (e.g., Townsend 1979). Hence, some individuals have more resources than others. The opportunities for social participation are affected by the resources that a household disposes, particularly in nations like the United States where there is heavy reliance on the market to provide such essential services as health care, post-secondary education, and child care. Money income is therefore a crucial resource. Of course, there are other important kinds of resources, such as social capital, noncash benefits, primary education, and access to basic health care, all of which add to human capabilities (Coleman 1988). These resources may be available more or less equally to all people in some societies, regardless of their money incomes.

Sociologists believe that there are many forces in rich societies which reduce well-being by limiting capabilities for full participation in society, including inadequacies in neighborhoods where people live. Sociologists are therefore interested in racial discrimination, neighborhood violence, low quality public schools, lack of good jobs, and job instability, all of which increase economic insecurity, reduce human capabilities, and increase poverty (for example Massey 1996).

### **Absolute vs. Relative Poverty**

An absolute poverty standard is defined in terms of a level of purchasing power that is sufficient to buy a fixed bundle of basic necessities. A relative standard, on the other hand, is defined relative to the typical income or consumption level in the wider

society. The purchasing power of a relative poverty standard will change over time as society-wide income or consumption levels change, an absolute poverty standard will change only with the prices of commodities. Most sociologists inherently favor the relative definition of poverty.

And in fact, all measures of poverty or economic need are relative, because context is important to the definition of needs. The World Bank uses poverty measures of \$1 to \$2 per person per day—or \$1,095 to \$2,190 per year for a family of three—for the developing nations of Africa or Latin America (Ravallion 1994). In contrast, the 1998 United States “absolute” poverty threshold was \$13,003 for a family of three—about 6 to 12 times the World Bank’s poverty line, while one-half of median income, the preferred relative poverty standard, was another 25 percent above this poverty line or 8 to 15 times the poverty standard in poor countries. Moreover, as economic inequality has increased in most rich societies over the past 20 years, the study of relative deprivation and poverty has taken on a new life (Gottschalk and Smeeding 2000). The link between marginalization, relative poverty, and the globalization of trade is just beginning to emerge as a topic of prime interest among sociologists (e.g., Alber and Standing 2000).

In fact, cross-national comparisons of poverty in rich countries rely almost exclusively on a relative concept of poverty. Cross-national studies typically compare the percentage of persons living with income below some fraction, normally half, of the national median income. This kind of comparison is consistent with a well-established theoretical perspective on poverty (Sen 1983, 1992; Townsend 1979). However, some feel that such a standard is too low. For instance, the European Statistical Office

Working Group on Poverty Measurement recently recommended using 60 percent of the national median income as a common poverty threshold for European Community poverty studies in the new millennium (Eurostat 2000).

### **Alternative Measures of Resource Poverty**

Because there is no single commonly accepted way to measure poverty among sociologists, there is a desire to go beyond the popularly used income poverty definition. And so there exists a wide variety of additional poverty measures which substitute for or complement the preponderance of income-based measures used by quantitative sociologists and economists (e.g., see Haveman and Mullikin 1999; Ruggles 1990; Boltvinik 2000). In principle, poverty is a multidimensional concept and should reflect several aspects of personal well-being. Forms of deprivation other than economic hardship can certainly be relevant to poverty measurement and to anti-poverty policymaking.

Even restricting consideration to “economic” poverty, measures other than annual income might be used to estimate household resources. For households with fluctuating incomes, annual income can provide a poor approximation for permanent or long-run average income. Some social scientists suggest that annual consumption represents a better proxy for permanent income and hence should be preferred over annual income for measuring household resources (Haveman and Mullikin 1999). However, broad-based consumption data is more difficult to come by than is income data. A number of authors have suggested that separate measures of needs ought to be developed for different goods and services (Aaron 1995). Housing and health care are often mentioned in this context,

though the latter is particularly of interest in medically unequal nations such as the United States, while the former is of much greater interest in the United Kingdom (Department of Social Security 1993).

### **Social Indicators**

Social indicators present an entirely different method of poverty measurement. Researchers have a long tradition of using social indicators to measure both economic hardship and affluence. Analysts often define direct measures of deprivation, such as lack of food, heat, or access to health care (Baumann 1998; Mayer and Jencks 1993). Because each household's need is imperfectly measured by an income or consumption threshold, many households with incomes above the thresholds may still experience hardships such as hunger or face high rent payments or heavy medical expenses that prevent its members from buying enough food or fuel. Further, individual members of a household may suffer hardship because of unequal sharing of incomes within the household. In these cases, direct measures of material hardship might offer a useful indication of poverty, especially in a cross-national context, and many sociologists are therefore attracted to such measures (Mayer and Jencks 1993).

### **Time Poor**

Finally, resources other than access to material goods might be important determinants of poverty. The literature in the "time poor" has grown in recent years after a nascent period. The argument is that time is often the scarcest commodity in market work-oriented societies. Further, time spent on home production is often undervalued or not valued at all. The gender bias in time use is therefore at the heart of these types of

analyses (Vickrey 1977; Douthitt 1994). In particular, recent research has focused on the time crunch on single parents who must both earn a living in the labor market and care for their children (England and Folbre 1999; Folbre 1994).

## **Summary**

Sociologists and other social scientists have used a variety of methods to define and measure poverty. Each approach has its strengths, weaknesses. Over the past few decades, income-based poverty measures using annual assessments of household income have provided the main statistics for tracking poverty over time, across nations, and across sub-populations within nations for sociologists and for other social scientists. They have also provided important tools for testing causal hypotheses concerning the explanations, causes, and cures for poverty, including place, space, race, gender, and other popular theories of poverty in sociology. They are complemented by social indicator-based measures of inadequacy, and by the adequacy of time for market work, home work and the nurturing and care of family members. Sociological studies of poverty have both a rich heritage and have become an important area of research in increasingly unequal rich societies.

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