
3 Financial Impoverishment

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The Salvatierra family faces many challenges, including an ongoing struggle to avoid financial impoverishment. We might consider how financial vulnerability is interrelated with some of the other difficulties this family faces. Their story may prompt us to think about the number of individuals and families having similar financial struggles, both globally and here in the United States. Unfortunately, the Salvatierras' story presents difficulties familiar to many, because, over the last several decades, the world has experienced a rapid increase in poverty and economic inequality (Ehrenreich & Hochschild, 2002; Goode & Maskovsky, 2001; Sachs, 2005). Poverty is a destabilizing force on local, national, and global levels.

Without economic resources, communities are unable to meet the basic needs of their members, and violence and unrest are often the result (Sachs, 2005). Individuals living in impoverished communities are often jeopardized across the life course in several spheres, including biological, psychological, social, and spiritual. Impoverished children are of particular concern because their biological, cognitive, emotional, and social development is vulnerable to environmental deprivations, putting them at high risk for many of poverty's complications, including death. The World Health Organization (WHO; 2003b) estimates that 10.5 million children under the age of 5 died in developing countries in 2002. Given its consequences on global, national, and local levels, poverty and its reduction are a concern for all, so much so that the United Nations Children's Fund (UNICEF; 2005) includes the eradication of extreme poverty as the first of its eight Millennium Development Goals (MDGs).

Historically, poverty has been defined in a variety of ways (see Exhibit 3.1 for an overview of ways of defining poverty). There is considerable debate about how much or how little material resources constitute impoverishment. Governments most often define poverty by looking at income and assets. Defining impoverishment by assessing the minimal amount of income and assets needed to subsist at a basic level (enough income

<i>Poverty as Assets</i>	<i>Definition</i>	
Absolute Poverty	A definite line indicating enough to survive at a basic level: food, clothing, shelter	<u>Not impoverished</u> Impoverished
Relative Poverty	Poverty in relation to average community assets; changes over time	<u>Not impov.</u> Impoverished <u>Not impov.</u> Impoverished <u>Not impoverished</u> Impoverished Pt. 1 Pt. 2 Pt. 3
Extreme Poverty	Definition applied to global poverty referring to chronic hunger and no access to health care, safe drinking water, sanitation, education, housing. The World Bank uses a standard of income of U.S. \$1 per day per person or less of purchasing power.	
Moderate Poverty	Definition applied to global poverty referring to a condition in which basic needs are just barely met. The World Bank uses a standard of income of between U.S. \$1 and \$2 per day per person of purchasing power.	

Exhibit 3.1 Definitions of Poverty

to provide food, clothing, and shelter) is referred to as **absolute poverty** (Iceland, 2003). In contrast, **relative poverty** looks at impoverishment as relative disadvantage, as one's position relative to the living standards of the majority in the society (Iceland, 2003).

Both absolute and relative measures of poverty utilize what are referred to as poverty thresholds, poverty levels, or poverty indices to define the minimal amount of income and assets necessary to be considered *not* in poverty (DiNitto, 2003). As one might expect, debate about the amount of money needed to live in a nonimpoverished state is often rancorous because it is highly politicized, with ramifications for social policy development and implementation that could result in significant amounts of public expenditure. In the United States, the debate is further complicated by cultural values that stress the essential role of individual effort, achievement, and hard work as the keys to financial success (DiNitto, 2003; Popple & Leighninger, 2003; Trattner, 1998). Given

these cultural values, an absolute measure of poverty is favored in the United States, while European nations favor a relative measure (Lindsey, 2004; UNICEF, 2005).

In the United States, *poverty thresholds* are used to measure poverty (Shieler, 2004; U.S. Department of Health and Human Services [USDHHS], n.d.), applying a strategy originally developed in the early 1960s by Molly Orshansky, who worked for the Social Security Administration. The thresholds, which are updated every year by the Census Bureau (Fisher, 1997; USDHHS, n.d.), are based on the **economy food plan**, which calculates the least expensive way to buy an adequate amount of nutritionally sound food for a family. Because families were spending approximately one third of their income on food in the 1960s, the poverty thresholds were established by multiplying the amount of money needed for the economy food plan by 3 (Fisher, 1997). Orshansky's thresholds also accounted for different household compositions, including sex of the head of family, number of children, and number of older adults. The thresholds were created as a level of income inadequacy rather than adequacy, but nonetheless, the United States adopted Orshansky's thresholds as a line of adequate income (Fisher, 1997).

Orshansky's thresholds have been criticized for both overcalculating and undercalculating the number of financially impoverished persons. Those who feel that the poverty thresholds are set too high point out that they only include cash income, excluding "*in-kind benefits* such as medical care, food stamps, school lunches, and public housing" (DiNitto, 2003, p. 70). Those who feel that the poverty thresholds are set too low point out that food no longer costs one third of a family's income and argue that housing costs are far more of a concern and need to be included in any measure of poverty (DiNitto, 2003). Furthermore, they cite a number of other family characteristics that may contribute to poverty but are not factored into the poverty thresholds, factors such as chronic illness or high debt loads (DiNitto, 2003). Other scholars argue that wealth and assets, not income, are the best measures of financial status, noting that even larger numbers of families are asset poor than poverty rates based on income would suggest (Lerman, 2005). Despite considerable debate, the poverty thresholds and *poverty guidelines*, a simplification of the poverty thresholds used to help organizations determine who qualifies for a variety of social welfare programs, remain the official measures of poverty in the United States (USDHHS, n.d.).

The term *extreme poverty* is utilized when discussing poverty on the global level. **Extreme poverty** is akin to absolute poverty; it refers to the inability to meet basic needs. The world's extreme poor are described in this way: "Chronically hungry, unable to access health care, lack the amenities of safe drinking water and sanitation, cannot afford education for some or all of the children and lack . . . a roof to keep the rain out of the hut, a chimney to remove the smoke from the cook stove and basic articles of clothing, such as shoes" (Sachs, 2005, p. 20). Although one could argue that homeless persons in the United States qualify as extreme poor, Sachs (2005) suggests that the extreme poor are only found in developing countries, because developed countries (like the United States) have an infrastructure in place to tend to the basic needs of their populations. So, although homeless individuals in the United States may not have access to adequate, ongoing health

care, in a health crisis they would have a hospital to go to and would receive care. In a developing nation, the hospital might not exist, at least not in any reasonable proximity to those needing its services.

To measure the number of extreme poor around the world, the World Bank has developed a measurement of income of U.S. \$1 or less per day per person in purchasing power as the definition of extreme poverty (Sachs, 2005; Smeeding, Rainwater, & Burtless, 2001). Although criticized as undercounting the poor by many, the World Bank's measure has been widely accepted as at least a general figure for estimating poverty on a global scale (Pangestu & Sachs, 2004).

Another term used to define poverty on the global level is moderate poverty, a relative measure of poverty. **Moderate poverty** is defined as a situation in which basic needs, as perceived by the society in which one lives, are barely met. "The moderately poor, in high-income countries, lack access to cultural goods, entertainment, recreation, and to quality health care, education, and other prerequisites for upward social mobility" (Sachs, 2005, p. 20). However, on the global level, moderate poverty is measured by the World Bank's standard of income, as having between U.S. \$1 and \$2 of purchasing power per day per person.

Patterns of Occurrence

The way poverty is measured affects the numbers and percentages of people counted as impoverished. Unless otherwise noted, reported rates of poverty in the United States are based on poverty thresholds of an annual income of \$9,827 for an individual and \$19,157 for a family of four (U.S. Census Bureau, 2005b). Because world organizations that study poverty utilize the World Bank's measure of U.S. \$1 per day per person, it is the most available and recognized count of the global poor and, unless otherwise noted, is utilized in our global incidence figures.

It is important to recognize that for some families, both in the United States and globally, poverty is persistent, but many other families have spells of poverty that are relatively short in length. It takes longitudinal research to capture this phenomenon. Indeed, some longitudinal research indicates that a majority of families in the United States will experience poverty at some time in their life course (Rank, Yoon, & Hirschl, 2003). Most of the following patterns of occurrence are based on cross-sectional, time-limited data and, unless noted, do not reveal a distinction between persistent and temporary poverty.

Living in the United States can be seen as an advantage when poverty rates are compared to those of developing nations. However, when the United States is compared to other rich, industrialized nations, it is clear that residents of the United States are at far greater risk of impoverishment (Mishel, Bernstein, & Allegretto, 2005). Often, the United States is compared to other industrialized, market-economy countries that are members of the Organization for Economic Cooperation and Development (OECD). Countries have been added to the OECD over the years, and in 2005, 30 countries were members of OECD,

including the United States and these 29 other countries: Australia, Austria, Belgium, Canada, the Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, the Republic of Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Spain, Sweden, Switzerland, Turkey, and the United Kingdom (UNICEF, 2005).

To compare poverty rates across countries, the Luxembourg Income Study (2000) uses a relative measure of poverty as a household that has a disposable income equaling less than one half of the national median annual income. Using this definition, the United States had the highest overall poverty rate, 17%, when compared to the 19 other countries in the OECD at the time of the study. Australia had the next highest poverty rate at 14.3%, while Finland, Norway, and Sweden had poverty rates of 6.5% and below (Mishel et al., 2005). Furthermore, when compared to like countries, the United States has the most persistent poverty, defined as people who are poor continuously over 3 years. The rate for persistent poverty in the United States is 9.5%, over twice as high as most other countries, which range from 0.8% (Denmark) to 7.8% (Portugal; Mishel et al., 2005).

Using the established poverty thresholds to measure poverty in the United States and globally, rather than the relative measure used by the Luxembourg Income Study, poverty affects 12.5% of the American population and extreme poverty affects 29.4% of the global population (United Nations Millennium Project Task Force on Poverty and Economic Development, 2004; U.S. Census Bureau, 2003). Poverty rates in the United States vary by race/ethnicity, geographical location, gender, age, and disability.

The poverty rate for whites in the United States is 8.2%, 11.8% for Asians, 24.4% for blacks, 22.5% for Latinos, and 23.2% for American Indians and Alaskan Natives (Institute for Research on Poverty, 2005; U.S. Census Bureau, 2004). Globally, 93%, about 1.1 billion, of persons living in extreme poverty live in three regions of the world, East Asia, South Asia, and sub-Saharan Africa, in countries that are almost exclusively comprised of people of color. Those living in moderate poverty reside in the aforementioned countries as well as in Latin America and the Caribbean, where just under 15% of the population is affected (Sachs, 2005).

Location of residence is also important in the United States. The poverty rate is 10.2% in the Midwest, 11.4% in the Northeast, 13% in the West, and 13.9% in the South (Bishaw & Iceland, 2003). Regional differences in impoverishment are most often related to local labor market factors, including both job availability and wage scale. Poverty rates also vary by settlement type in the United States. The poverty rate is 9.1% for those living in suburban areas, 12.1% for those living in cities, and 14.2% for those living in rural areas. Within cities, those living in central city areas or the urban core experience poverty at a rate of 17.5% (U.S. Census Bureau, 2003). The poverty rate in rural areas is often attributed to low levels of educational attainment and lack of access to jobs and other resources. The Jackson, Salvatierra, and Tran families all live in urban core areas that have experienced high rates of poverty in recent years. The Loefeler family, on the other hand, faced the challenges of limited job opportunities in their rural area after the failure of their dairy farm.

Although the data are scarce and incomplete, the available data indicate that, globally, women are slightly more likely than men to experience poverty. According to Marcoux (1997), "The average proportion of women among the poor is (approximately) 55 percent" (p. 2). He notes that this gender bias in poverty, although not extremely high, is important because it is real and is growing, especially in developing countries. In the United States, women's poverty is 38% higher than men's, and single women are 100% more likely to live in poverty than single men (Christopher, England, Ross, Smeeding, & McLanahan, 2000). The 2000 census indicates that 26.4% of all female-headed households with and without children live in poverty (Joint Center for Poverty Research, 2001).

Unfortunately, children in the United States and abroad experience higher rates of poverty than other age groups. In the United States, by U.S. definitions, 17.6% of children under the age of 18 experience poverty, while only 10.8% of adults of working age (18–64) are impoverished, and the rate of impoverishment for those over 65 is 10.2% (U.S. Census Bureau, 2003, 2005b). Globally, children are at great risk of impoverishment. According to Bellamy (2004), 1 billion children across the world live in poverty, representing one in two children. Although a large proportion of these poor children live in low-income countries, many of them also live in wealthy countries. UNICEF (2005) recently undertook a study of child poverty in rich countries, with a study of the OECD countries for which data were available. As Exhibit 3.2 demonstrates, the child poverty rates in these wealthy countries, measured, relatively, as income below 50% of the national median income, vary from 2.4% to 27.7%. Denmark and Finland both have rates below 3%, and the United States and Mexico both have rates over 20%. The UNICEF data indicate that the proportion of children living in relative poverty rose during the 1990s in 17 of the 24 OECD countries for which trend data were available. The United States was one of four countries where the relative child poverty rate showed significant decline, by 2.4%, during this period, but as you can see from Exhibit 3.2, there is much room for improvement in the United States. The other countries with a significant decline were Australia, Norway, and the United Kingdom.

People with disabilities are also disproportionately represented in poverty statistics. The Census Bureau (2005a) reports that in 2000, 17.6% of people with disabilities were poor, compared to 10.6% of people without disabilities. The poverty rate was 25.0% for disabled children between the ages of 5 and 15, compared to 15.7% of nondisabled children of the same age.

Theories of Causation

Theorizing about causes of poverty can occur at different levels of analysis. At the micro level, we can ask why particular individuals or particular families are poor. Or we can focus on the community level and ask why particular communities are poorer than other communities. At the global level, we can ask why some countries are poorer than other countries. Theories have been developed to explore poverty at all of these levels of analysis.

<i>Country (year poverty measured)</i>	<i>Percentage of Children Living Below Poverty Level</i>
Denmark (2000)	2.4
Finland (2000)	2.8
Norway (2000)	3.4
Sweden (2000)	4.2
Switzerland (2001)	6.8
Czech Republic (2000)	6.8
France (2001)	7.5
Belgium (1997)	7.7
Hungary (1999)	8.8
Luxembourg (2000)	9.1
Netherlands (1999)	9.8
Germany (2001)	10.2
Austria (1997)	10.2
Greece (1999)	12.4
Poland (2000)	12.7
Spain (1995)	13.3
Japan (2000)	14.3
Australia (2000)	14.7
Canada (2000)	14.9
United Kingdom (2000)	15.4
Portugal (2000)	15.6
Ireland (2000)	15.7
New Zealand (2001)	16.3
Italy (2000)	16.6
United States (2000)	21.9
Mexico (1998)	27.7

Exhibit 3.2 Percentage of Children Living in Poverty in 26 OECD Countries.

SOURCE: UNICEF, 2005.

NOTE: The figures in this exhibit are based on a definition of poverty as household income below 50% of the national median income. Please note that the reported data reflect measurement for different years across countries. The year of measurement is presented beside the name of the country.

Individual Theories	Genetic inferiority Expectancy theory Human capital theory
Structural Theories	Social stratification Feminization of poverty Colonialism & neocolonialism Environmental geography
Cultural Theories	Culture of poverty
Ecological Theories	Individual and structural factors both taken into account

Exhibit 3.3 Theories of Causation of Poverty

Social surveys indicate that people in the United States consistently rate individual insufficiencies as the primary factors responsible for impoverishment (Gilens, 1999). These perceived insufficiencies—laziness, lack of effort, and low ability levels—are often cited as reasons for becoming and remaining poor (Gilens, 1999). Although this view is widely held, poverty scholars have developed several theoretical frameworks for understanding the causes of financial impoverishment, including individual explanations, but also structural, cultural, and ecological frameworks. See Exhibit 3.3 for a summary of these theoretical perspectives.

Individual Theories

A controversial explanation within the individual framework maintains that *genetic inferiority* causes people to be poor. Herrnstein and Murray (1996) suggested that genetic traits such as intelligence influence an individual's ability to attain financial security. **Expectancy theory** looks at psychological conditions, rather than biological factors, that may cause poverty (Charlesworth, 1997). This theory suggests that people behave in certain ways if they have expectations that such behavior will end in the desired result (Bane & Ellwood, 1994). People who are impoverished are thought to have experienced repeated failures when trying to find their way out of poverty. These failures have caused them to lose motivation and control over their lives, and thus they are unwilling or unable to put forth the effort needed to become financially secure (Bane & Ellwood, 1994).

Human capital theory focuses on skills, knowledge, and health that allow individuals to succeed in gaining income (Becker, 1994; Karoly, 2002). An illustration of human capital theory is reflected in poverty statistics indicating that those with a high school education earn more on average than those without a high school education, and those with a college education earn more still (USDHHS, n.d.). We can see this effect in several of the life stories from Chapter 2. David Loefeler has attempted to improve his human capital, and perhaps escape poverty, by returning to school. Sondra Jackson has been able to achieve

a middle-class status with her high school education, but we can imagine that she would be less concerned about falling into poverty if she had been encouraged to attend college, as she was clearly capable of doing. Her sister, Estella, is much more vulnerable with her combination of limited education and substance abuse problems. Junito Salvatierra has limited his human capital by dropping out of high school, and we can hope that he will receive some encouragement, as David Loefeler did, to continue his education. If Kim Tran's father had been able to continue his education, first in his native Vietnam and later in the United States, he would, most likely, not need to work two jobs to try to avoid poverty.

Structural Theories

Structural theories of poverty contend that there are systems in society that lead to financial inequities, including poverty (Rank et al., 2003). Theorists in this tradition propose that individual factors cannot account for the level of inequality in a society; this can be understood only by examining arrangements in political and economic institutions. A structural theory of poverty was first widely disseminated during the 19th century by Karl Marx and Friedrich Engels (1848/1982), who proposed that capitalism leads to two classes of people: the bourgeois and the proletariat, the owning class and the working class, respectively. Capitalism exploits the labor of the proletariat. The bourgeois utilize their power in society to maintain control of political, social, and economic arrangements that further their interests at the expense of the proletariat.

Currently, there is a good deal of literature in the social sciences regarding the various structures that serve to privilege and impoverish groups and individual members of society (see Feagin, 2000; Gans, 1995) and a good deal of evidence to support structural explanations of poverty (see Rank et al., 2003). These structures include economic, political, educational, and other societal systems that contribute to inequality of opportunity and inequitable distribution of resources. These societal structures create an environment that favors certain individuals and groups of people over others, providing opportunity to some while denying it for others. At the same time, such structures neglect to fairly (re)distribute resources that would remedy the unequal distribution of wealth. Structural theorists pay particular attention to the failure of the labor market to provide enough jobs that pay a living wage and to the failure of social welfare policies to provide a **safety net** to prevent citizens from experiencing severe poverty (Ehrenreich, 2001; Newman, 1999; Rank et al., 2003; Shipler, 2004; Shulman, 2003).

Many people give little thought to the intricacies of unequal opportunity structures in society, but these inequalities can be quite visible to people without privilege. This was noted clearly by Kevin, a 75-year-old retired homeowner:

You heard that saying about the guy with a rich father? The kid goes through life thinking he hit a triple. But really he was born on third base. He didn't hit no triple at all, but he'll go around telling everyone he banded the . . . ball and it was a triple. He was born there! (Oliver & Shapiro, 2000, p. 404)

Kevin's story alludes to how various components of our social structures, such as tax and inheritance law, foster the preservation and further accumulation of wealth by the wealthy.

One type of structural theory proposes that the **feminization of poverty** is a result of patriarchal structural arrangements that disadvantage women (Abromovitz, 1996; Dujon & Withorn, 1996; Mink, 1998). Rose and Hartmann (2004) describe the feminization of poverty this way:

A kind of perverse logic perpetuates a system with a rigid division of labor both in the workplace and in the home. Employers may feel justified in discriminating against women workers if they think they will be less devoted to their jobs because of family responsibilities. They may structure jobs as part-time and dead-end for this reason and many women may accept them because they cannot find better-paying jobs. Labor market discrimination means lower earning for women; women's low earnings mean women spend more time in family care; women's commitments to family care contribute to discrimination against them. Single mothers especially suffer as they must attempt to support their families on women's lower wage levels. (p. 33)

From this perspective, black women are even more disadvantaged than white women because they experience structural disadvantages based both on patriarchy and racism. Women's risk accumulates over the life course, leaving women in late adulthood, particularly black women, at high risk of poverty. If Sondra Jackson takes on the financial care of her sister, Estella, as well as her new grandson, she may well find herself in precarious financial circumstances as she ages, even though she has been planning well for her financial future in recent years.

Structural theories have also been proposed to explain global poverty. Colonialism and neocolonialism have played a role in maintaining the wealth of some countries while impoverishing others. Historically, Western European countries extensively colonized Asian, African, and Central and South American countries for the purpose of exploiting raw materials and native laborers; this is what we mean by **colonialism**. Colonialism strengthened the colonizing countries' economies and weakened the economies of the colonized. In addition, colonial governments took power away from local governance and prevented the localities from establishing stable political systems. After the colonized countries established their independence, the United States and other Western powers established a new institutional framework that called for free trade and the transformation of the formerly colonized countries into democracies (Aronowitz, 2003).

The new institutional framework, often referred to as **neocolonialism**, has produced such organizations as the World Bank, the International Monetary Fund (IMF), and the World Trade Organization (WTO). The United States and Western European countries provide leadership to these organizations that regulate relations between countries. The result is a division between countries that dominate and countries that are dominated

and dependent, a reproduction of the arrangements under colonialism (Aronowitz, 2003). In short, the structures of neocolonialism create and maintain wealth for wealthy nations by controlling and exploiting poor nations through international bodies that make rules favoring the wealthy regarding the exchange of money and resources.

Consider the situation of the Dominican Republic, native home of the Salvatierra family. The island Hispaniola was claimed by Christopher Columbus in 1492 and became a starting place for the Spanish conquest of the Caribbean. In 1697, Spain conceded French dominion over the western third of Hispaniola, which became Haiti in 1804. The rest of the island, which became known as Santo Domingo, sought independence in 1821 but was conquered by Haiti, ruled by them for 22 years, and finally attained independence in 1844. In 1861, Santo Domingo voluntarily returned to the Spanish empire, but independence was restored in a war 2 years later. In recent years, the Dominican Republic has been quite dependent on the economy of the United States, which is the source of about 80% of its export revenues. In 2004, the economy was stabilized somewhat by a renegotiation of an IMF loan, but unemployment remains high, and there is great inequality, with families barely meeting their basic needs (Central Intelligence Agency [CIA], 2006). Elias and Claudia Salvatierra had high hopes that they could escape poverty by migrating to the United States.

Other scholars who have attempted to understand different rates of poverty in different regions of the world have proposed that regional inequalities in power and wealth are based on differences in geographical environments. Using historical analysis, Jared Diamond (1999) lays out a comprehensive theory of environmental causes of inequality. He suggests that current regional inequalities are historically based and that the history itself was highly influenced by the geo-environmental context. He suggests four sets of environmental differences that had the most impact on cultural development: (1) the available wild plant and animal species, (2) geographic barriers that could thwart migration and diffusion of cultural innovation, (3) the relative isolation of continents, and (4) continental differences in area or total population size. Diamond argues that all societies have inventive people, but some environments provide better starting materials than others. He also argues that regions of the world have experienced a shifting picture over time in terms of environmental resources for cultural development. Consequently, societies have waxed and waned in power and wealth. Current inequalities, however, are rooted in historical starting points of different societies.

Culture of Poverty Theory

The term **culture of poverty** was coined by Oscar Lewis in the 1960s (Lewis, 1968). Lewis and other social scientists utilized the term to bring attention to poor families as people of worth who develop a culture, a way of life, to adapt to the marginal circumstances in which they find themselves. Lewis rooted this culture in the class-stratified, capitalistic society. However, the term *culture of poverty* has evolved in its usage and meaning.

Some have looked at a culture of poverty from a strengths perspective and learned, for instance, of the prevalence and importance of large kinship networks in the lives of poor women and families (see Stack, 1997). Often, however, the culture of poverty is associated with deviant cultural norms, an association that may have resulted from the widespread dissemination of Senator Daniel Patrick Moynihan's 1965 report on impoverished black families. Moynihan's report popularized the phrase "culture of poverty" to refer to a culture that develops in adaptation to a lack of financial opportunity. It is characterized by a matriarchic family that produces family instability and by community attitudes and behaviors that are nonnormative and destructive. Although Moynihan's report emphasized that the socioeconomic system in the United States was the major culprit in producing family instability, his report was often misrepresented in popular media to suggest the opposite, that family instability causes impoverishment (Wilson, 1996). Thus, the culture of poverty is now most often used to refer to a set of cultural deficits in impoverished communities. The cultural traits, values, and norms most often included are present rather than future orientation, acceptance of welfare dependence, out-of-wedlock births, and single female-headed households (Edin & Lein, 1997).

It is important to understand these two distinct conceptualizations of the culture of poverty. The first conceptualization looks at a culture associated with poverty as a set of attitudes and behaviors that represent an adaptive response to societal structures that block opportunity and access to adequate financial resources (see Wilson, 1996). This conceptualization also maintains that those in impoverished communities, while making adaptations to harsh circumstances, nevertheless subscribe to dominant cultural values (Hays, 2003; Wilson, 1996). The second conceptualization proposes that those who are poor have a set of cultural attitudes and beliefs that cause their impoverishment, regardless of opportunity or access to financial resources (see Banfield, 1990). In short, they believe that poor families "live in a culture of poverty that continues for generations because they are psychologically unable to plan for (a different) future" (DiNitto, 2003, p. 81).

Ecological Framework

Sociologists like William Julius Wilson (1987a, 1987b, 1996) have put forth an ecological framework that examines the way that dimensions of person, environment, and time facilitate and maintain poverty. Wilson's study of inner-city residents illustrates the importance of historical context and particular societal structures and institutions in depriving groups of individuals, black inner-city residents specifically, of the opportunity for work, acquisition of resources, and geographical mobility. At the same time, he examines how this lack of opportunity affects individual psychological, spiritual, and physical well-being. For example, he explores the adverse effects of unemployment and underemployment on mental health and "perceived self-efficacy" (Wilson, 1996). This approach would lead us to speculate that it is quite possible that Isaiah Jackson and his peers perceived their own future as lacking in opportunity and responded by engaging in risky behavior. We might speculate that the same is true for Junito Salvatierra and his friends.

Wilson looks closely at the temporal dimension of poverty, especially in relation to life course markers. For example, poor individuals tend to leave school earlier and take on adult roles earlier than middle-class members of their cohorts. They also have a shorter life expectancy.

Wilson also focuses on poverty at the community level. He studies what he calls *new poverty neighborhoods* that have an unemployment rate of more than 50%. Wilson argues that these neighborhoods are composed of a cohort of people who share an experience that differentiates them from past residents of the same impoverished neighborhoods who, while often poor, were largely employed. He argues that the current high levels of unemployment among urban African Americans can be attributed to economic shifts over the past 3 decades. These shifts include a loss of manufacturing jobs, a spatial mismatch between jobs and workers as jobs move from urban centers to the suburbs, and a skills mismatch as available urban jobs require more highly skilled workers than those found in many urban neighborhoods. He suggests that as middle-class African American families moved to the suburbs, pockets of socially isolated, extremely poor families were left behind. Think of Sondra Jackson as she looks around her neighborhood and the danger Isaiah faces. She realizes that employers have moved their businesses to the suburbs and that jobs are hard to come by anymore in the neighborhood. She often bemoans the fact that she must get in her car to access commodities and services that were once available in the neighborhood. She also is concerned that the long-time residents who anchored the neighborhood have followed these resources to the suburbs, leaving behind mostly those who are too poor to flee and compromising neighborhood stability and safety.

Maryah Fram (2004), a social worker, has adapted the scholarship of Pierre Bourdieu to propose a structural theory of financial impoverishment. Fram's major emphasis is on macro environmental structures, mainly the capitalistic economic system. Yet Fram argues that individuals do make choices within the confines of that structure. To this end, she discusses Bourdieu's conception of **habitus**, which is defined as a "set of dispositions developed through a personal history of self-reinforcing experiences of one's social location" (p. 559). While recognizing some agency in making choices, Fram limits the power of the individual by arguing that "habitus disposes people of privilege (wealth) to act in ways that maintain privilege, while disposing members of disadvantaged groups to act in ways that perpetuate their disadvantage" (p. 559). In short, she suggests that the social and economic structures place individuals in the position of reproducing the status quo. However, she also indicates that individuals across the social hierarchy are empowered if they are made aware of how their choices are reflective of an "accumulation of messages, experiences, and symbols" (p. 559) given to them by the larger society and based on their social location rather than reflective of personal capacities.

Fram (2004) also attends to **social capital** at the mezzo environment, in the social networks of poor families, but her discussion of social capital emphasizes how social networks are positioned in the macro social structure of society. To illustrate this point, Fram uses the example of the social network of a financially impoverished mother. The network

is a strength because it facilitates the mother's continued survival, and yet it has its limitations if it is unable to provide access to job and higher educational opportunities that would allow the mother to rise out of poverty.

Consider the situation of Elias and Claudia Salvatierra. When Elias and, later, Claudia came to the United States, they were lucky to have the support and assistance of Uncle Victor Manuel and his wife, Alejandra. They were provided with a place to live and connections to find jobs. Since coming to the United States, they have built a wider network of migrants from the Dominican Republic. This network has helped them out in rough patches, and they return the favor. Unfortunately, however, their network does not include people who can connect them to better paying jobs or to educational opportunities. David Loefeler, on the other hand, was lucky to have a cousin who not only provided emergency housing but also connected him to resources to continue his education. Fram (2004) intends to help social workers understand the complexity of an individual's experience of poverty while considering the inseparability of that experience "from the interests of privileged groups and the . . . processes through which such interests are expressed" (p. 572).

Multidimensional Risk and Protection

The social science literature on risk, protection, and resilience often finds that poverty is a risk factor for a host of negative developmental consequences, causing risk in all dimensions of the biopsychosocial-spiritual framework. However, poverty is not as often studied in terms of the biopsychosocial-spiritual factors that put an individual, family, community, or society at risk for poverty, or in terms of those factors that protect against it. Indeed, the relationship between poverty and other challenges of living can be quite circular in nature, with poverty serving as risk for other challenges of living and those challenges of living serving to reinforce and maintain poverty. The following discussion of risk and protection, as well as the later discussion of developmental consequences, demonstrates this circular relationship. Although financial impoverishment has not yet been examined in terms of risk and protection to the same extent that the other challenges of living in this book have been, risk factors and protective factors for financial impoverishment can be extracted from existing empirical literature. See Exhibit 3.4 for a summary of biological, psychological, social, and spiritual risk and protective factors for financial impoverishment.

Biological Risk and Protection

This section covers risk related to age, health, and disability, biological factors that prohibit or limit an individual's capacity to be economically productive. Although the poverty literature does not specifically attend to protective factors, it seems safe to say that protection lies at the other end of the continuum for the three factors discussed below.

	<i>Risk Factors</i>	<i>Protective Factors</i>
Biological	Biological age: Children Poor physical health Disability	Older biological age Good physical health Lack of disability
Psychological	Low self-efficacy Mental illness	High self-efficacy
Social	Family heritage Families with children Single-parent female household Low educational attainment Domestic violence Impoverished social networks Race, class, and gender discrimination Labor market conditions Governmental policies	Family heritage Childless couples Two-parent household High educational attainment Social networks with high social capital Labor market conditions Governmental policies
Spiritual		Affiliation with religious institution Spiritual belief

Exhibit 3.4 Biological, Psychological, Social, and Spiritual Risk and Protective Factors for Financial Impoverishment

NOTE: The risk and protection factors are cyclical in nature (e.g., poverty may increase risk of depression, and/or depression may increase risk of poverty).

Age

As noted earlier, across many current sociocultural contexts, children are more likely to be impoverished than any other age group. Very young children are biologically incapable of making economic contributions and are dependent on the goodwill and resources of adults to avoid impoverishment. In addition, young children require constant care; their families must either forgo paid work to provide this care or must secure substitute care (UNICEF, 2005). In agrarian societies, older children and adolescents are economic contributors and may be valued for their economic contributions, but contemporary market-based economies require an educated workforce, and these social arrangements also increase the risk of poverty for older children and adolescents who must spend their time in school rather than providing economic resources for the family (Zelizer, 1985). You may recall that David Loefeler's and Junito Salvatierra's fathers were happy to have their sons drop out of high school so that they could make a larger contribution to the family economy. Indeed, it is still the case in the United States that adolescent labor is an important factor in helping some families rise out of poverty (Graff, 1995).

Historically, old age was a risk factor for poverty in market economies, because biological capacity for market labor diminishes for most people sometime in old age. However, the development and implementation of social security programs in all market-based

economies has resulted in a major reduction in poverty among older adults in all of these societies (Lindsey, 2004). For example, in the mid-1960s, poverty rates among older adults were far above those of children in the industrialized countries but now are well below them (Schiller, 2004). It is important to note, however, that older women are at greater risk of financial impoverishment than older men. Women comprised 60% of the U.S. population over 65 in 2003, but they made up 71% of impoverished older adults (Fritz, 2005). The increased vulnerability to poverty among older women is partially biological (women live longer and have to stretch resources over a longer period) and partially social (women's employment patterns do not allow them to build adequate assets). The fact that old age no longer serves as a risk factor in wealthy countries is an illustration of the role that social policy can play in mitigating biological risk factors. This point is further illustrated by the fact that in many developing countries, old age remains a risk for poverty because older adults are often unable to participate in labor and no social security infrastructure exists (Seipel, 2003).

Physical Health

The association between poverty and poor physical health is well documented (Corcoran, Danziger, & Tolman 2004). In fact, Mullahy and Wolfe (2002) find that "no matter how health is measured, low-income people are not as healthy as those with higher incomes" (p. 279). Poor health is a risk factor for impoverishment because of health care costs and also because it limits the ability to work regularly (Williams & Lawler, 2003). As a result, half of all bankruptcies filed in the United States in 2001 were related to medical debt. And the situation is growing worse; the number of medical bankruptcies has increased 23-fold since 1981 (Himmelstein, Warren, Thorne, & Woolhandler, 2005). A researcher at the WHO found that poor people in Uganda identify poor health as the most common cause of poverty (Njie, 2001). Likewise, researchers at the World Bank found that malaria served as a major risk factor for poverty in rural Kenya (Christiaensen & Subbarao, 2005). Poor health in childhood has ramifications for continued poor health and impoverishment across the life course. It is also important to note that the ill health of a child may impede parents' labor force participation (Noonan, Reichman, & Corman, 2005).

Conversely, poverty increases an individual's chance of experiencing poor health, as will be discussed later. Thus, although we know that ill health and disadvantage are related, it is sometimes difficult to untangle the exact mechanisms that contribute to this relationship or to determine which came first, ill health or impoverishment (Rogers, 2003).

Disability

Disabled individuals, as a group, have some of the lowest educational levels and highest rates of poverty in the United States. Disability is defined in a variety of ways and

includes several diagnoses, diseases, and conditions. The way disability is defined affects who is included as disabled (for discussions of definitions of adult disability, see Loprest & Maag, 2001; for discussion of child disability, see National Dissemination Center for Children with Disabilities, 2002). It is important to note that the disability rights movement has argued that disability is “a problem in the relationship between the individual and the environment” (Law & Dunn, 1993, p. 2). They argue that environments, particularly built environments, can be disabling if they are inaccessible to many persons.

Research illustrates that children and adults living in poverty are more likely to be disabled than those who are living in nonimpoverished environments (Fujiura & Yamaki, 2000; Skinner, Slattery, & Lachicotte, 2002). Furthermore, disability status and receipt of Temporary Assistance for Needy Families (TANF) are related. TANF recipients represent families that are very poor because the maximum annual amount of cash assistance a family of three can receive through TANF funding is at or below \$8,600 in all of the states within the continental United States (Neuberger, Fremstad, Parrott, 2003). This puts these families well below the national poverty threshold/guideline of \$16,090 a year per family of three (USDHHS, 2005). The disability rate among those receiving TANF is 44%, three times the rate of disability in the non-TANF population (Skinner et al., 2002).

Disability is a risk for impoverishment for many reasons. Adults who have a disability are often unemployed or underemployed and lack access to appropriate levels of rehabilitation and medical services (United Nations, 1996). Job opportunities may be limited, in part, because of barriers they face in educational settings. People with a disability may be further disadvantaged because even if qualified for a job, they may be unable to compete for it if appropriate accommodations are not available or provided. Moreover, prevalent cultural biases may result in an employer’s decision not to hire a person with disabilities (Loprest & Maag, 2001). Children with disabilities risk impoverishment because their parents often are unable to obtain adequate employment because of the unavailability of appropriate child care (Skinner et al., 2002).

High health care costs are another challenge for families with disabled members. Private health insurance is often not available if families with disabled members are not connected to the workplace. Families without private insurance who do not qualify for government-based insurance quickly find resources exhausted. Families who do have private health insurance often find it to be inadequate and/or unaffordable (Skinner et al., 2002). High out-of-pocket costs for services, medications, and equipment, coupled with limitations on pre-existing conditions, put families with disabilities at further risk of impoverishment (Batavia & Beulaurier, 2001).

Clearly, as with general health, the relationship between disability and poverty is reciprocal and circular. The effects of poverty—poor living conditions, poor nutrition, and lack of access to basic health care—are all related to the development of disabilities (Lustig & Strauser, 2004). Once people become disabled, they risk losing a job and health benefits, face diminished future job prospects, and experience increased health care costs.

The interrelated nature of disability and poverty is apparent on the global level as well. According to a WHO report (2005a), about 600 million people live with disabilities

globally, and 80% of them live in low-income countries and lack access to basic rehabilitation services. The report also indicates that the number of impoverished people with disabilities is growing due to wars, "HIV/AIDS, malnutrition, chronic diseases, substance abuse, accidents and environmental damage" (p. 1).

Psychological Risk and Protection

As noted, certain theories of poverty emphasize the role of psychological factors in developing and maintaining poverty. Because there is little empirical support for this idea, we focus less on this line of analysis and instead focus on the complex relationship between serious mental health issues and poverty. Before turning to that discussion, we do want to note that there is some evidence that low self-efficacy can serve as a risk factor and high self-efficacy can serve as a psychological protective factor in the face of other risks for poverty. One research team (Popkin, Rosenbaum, & Meaden, 1993) found that impoverished women with a "fatalistic" attitude were less likely to be employed than impoverished women who did not hold such an attitude. Two research teams have found that high educational expectations protect impoverished teens in low-opportunity communities from teen pregnancy, which could serve to avoid the perpetuation of poverty in the next generation (Driscoll, Sugland, Manlove, & Papillo, 2005; Martyn & Hutchison, 2001).

David Loefeler suffers from the most prevalent mental illnesses related to poverty, depression and anxiety. It is well documented that depression and poverty are related, but it is not always clear which came first, depression or impoverishment (Belle & Doucet, 2003; Corcoran et al., 2004; Cutrona et al., 2005). Only longitudinal research can help to untangle this puzzle. It does seem arguable that depression, whether the cause or effect of poverty, may serve to maintain financial impoverishment. David Loefeler is a good example of this. His family's experience with financial disaster may have contributed to his depression and anxiety, but it appears that depression and anxiety are interfering with his ability to get and keep employment, jeopardizing his own and his children's economic status.

Poverty and mental health are linked in all societies, regardless of their level of economic development (WHO, 2003a). Mental illness is a risk factor globally for both becoming and remaining impoverished. Across nations, "poverty and common mental disorders interact with one another in setting up, in vulnerable individuals, a vicious cycle of poverty and mental illness" (Patel & Kleinman, 2003, p. 614).

Depression and anxiety are cited as common illnesses in developing nations, and people with low levels of education, high levels of feelings of hopelessness, and poor physical health are most at risk of developing a mental illness in these nations (Patel & Kleinman, 2003). Other serious mental illnesses like schizophrenia and various psychotic disorders are potent risk factors associated with poverty in industrialized nations (Kaplan & Sadock, 1998). In the United States, seriously mentally ill persons had an increased risk of severe impoverishment, including homelessness, with the advent of *deinstitutionalization* in the 1970s, which resulted in many severely mentally ill individuals being released from state hospitals into communities without adequate services to aid them (Kaplan & Sadock, 1998).

Social Risk and Protection

Social risk and protection factors for financial impoverishment can be categorized as micro factors (family factors), mezzo factors (social network and community factors), and macro factors (societal factors).

Micro Risk and Protection

Family heritage, family size, family structure, educational attainment, and domestic violence can serve as risk for financial impoverishment. Family heritage, family size, family structure, and educational attainment may protect against it. *Being born into an impoverished family* puts a child at risk for financial impoverishment across the life course, with disadvantages accumulating across time. A poor child has a greater likelihood than a financially secure child to be raised by parents whose energy is taken up with the stressors related to inadequate financial resources, to live in a neighborhood with substandard housing and a variety of environmental and interpersonal hazards, and to attend substandard schools (Kozol, 2005; Shipler, 2004). On the other hand, children born into wealth have the protection of being cared for by parents with economic resources, living in relatively safe neighborhoods, attending quality schools, and having the opportunity for a secure advanced education (O'Rand, 1996).

Family size also serves as either risk or protection. International data indicate that families with children are more likely to experience poverty than families without children (Children Data Bank, n.d.). Risk increases as additional children are added to the family. Over the last 30 years, however, women have been using available birth control technology and electing not to have children or to bear fewer children. Reduction in family size has provided a protective buffer against financial impoverishment, with some researchers estimating that reduced family size has cut the poverty rate by roughly one fifth since the 1960s (Gottschalk & Danziger, 1993).

Changing patterns of family structure have also produced risk. Since 1960, the percentage of children in the United States living with only one parent has tripled, representing a spectacular growth in single-parent families that is occurring in all OECD nations (UNICEF, 2005). This trend has contributed to an increase in the poverty rate, because single-parent families are more vulnerable to financial impoverishment than two-parent families (Lindsey, 2004). The trend toward single-parent families is being driven by two other trends in family structure. One of these is an increase in divorce rates, which have almost doubled in the United States since the 1960s. One researcher (Zagorsky, 2005) found that divorced respondents' wealth started dropping 4 years before divorce, and divorce resulted in an average drop of 77%, with women experiencing a slightly greater drop than men. Another researcher found that after a divorce, women and children experience an average decline in income by approximately 30%, while men experience an average hike in income of about 30% (Crittenden, 2001). The other trend is a growth in births to unmarried mothers. In 2000, two thirds of all black births and one fifth of all white births were to unmarried mothers. For single mothers, marriage

serves as a protective factor to reduce poverty (Grinstein-Weiss, Zhan, & Sherraden, 2006; Zagorsky, 2005).

Although the number of single fathers is growing, the great majority of single parents continue to be women (U.S. Census Bureau, 2005b). Many single mothers work full time in the paid labor market to financially support their children while having full responsibility for their children's day-to-day care, and physical, emotional, and social well-being. This difficulty is magnified for women who are only able to find low-wage work, which tends to offer the fewest benefits and to be the least flexible and tolerant of absences and tardiness related to caretaking responsibilities. Child care expenses may consume a significant portion of family income, and for many single parents, financial gain from working is minimal or even nonexistent. This helps to explain the gender disparity in financial impoverishment (Abramovitz, 1996; Ehrenreich & Hochschild, 2002). The Children's Defense Fund (2005) estimates that the annual cost of basic needs for one parent working full time and raising two children ages 4 and 7 is \$29,976. On the other hand, the annual income for one adult working at minimum wage is approximately \$10,700.

Another trend in family structure is the increasing presence of women in the paid labor force. Involvement of women in the paid labor force is a protective factor for many families, allowing them to escape poverty (Lindsey, 2004).

Educational attainment of family members can also serve as either risk or protection. Education provides access to jobs, information, and resources, and there is extensive evidence that higher education leads to higher income (U.S. Census Bureau, 2002). Therefore, lower education is a risk factor for financial impoverishment, and higher education is a protective factor. Unfortunately, educational institutions may not be available to most children in low-income countries, and low educational levels in these countries are associated with higher fertility rates, HIV/AIDS infection, and continued impoverishment. The education of Kim Tran's parents was interrupted by war and migration, as is the case for many refugees to the United States. In the United States, children living in impoverished communities often have the poorest quality schools (Kozol, 1988, 1995, 2000, 2005). Children in poor-quality schools have high rates of school failure, leading to dropout and limited job opportunities, which place them at risk of continued impoverishment, further inhibiting community, family, and individual stability. We can understand why Junito Salvatierra became discouraged about school, but by dropping out of high school he has put himself and his child at risk for long-term financial impoverishment. We can hope that he will recognize this, as David Loefeler did, and find a way to pursue education.

Some researchers have found that *domestic violence* against women can interfere with a woman's ability to work, leading to poorer economic outcomes for women and their children (Holzer & Wissoker, 2001; Tolman & Wang, 2005). The annual work hours were significantly reduced for women victims of domestic violence in a sample of women in the TANF program (Tolman & Wang, 2005).

Mezzo Risk and Protection

Aspects of the mezzo level of social networks and community can serve as risk or protective factors. Urban black men in many distressed neighborhoods in the United States have become more vulnerable to impoverishment as jobs moved to the suburbs and a geographic mismatch developed between these workers and where demand for labor existed (Laester, 1997; Venkatesh, 1994).

Some researchers have examined the social capital in the social networks of residents of concentrated poverty urban neighborhoods. They have found that black males in such neighborhoods report that they lack the kinds of social contacts that could assist them in finding work (Laester, 1997; Venkatesh, 1994). One research team from the United Kingdom found that young adults in distressed urban neighborhoods have networks of family and friends who support them with the problems of growing up in poor neighborhoods, but these networks also serve to close down opportunities to escape the conditions of poverty (MacDonald, Shildrick, Webster, & Simpson, 2005). Another research team from the United States found that the social networks of inner-city black families do not increase employment rates for members of the network and, in fact, contribute to the reproduction of racial segregation in the workplace (Russell Sage Foundation, 2000). On the other hand, it is clear that social networks with enriched social capital serve to protect against poverty.

Macro Risk and Protection

At the macro level, three factors have been identified to produce risk for financial impoverishment: discrimination in education and the labor market, labor market conditions, and governmental policies. Cross-national analysis has also found that labor market conditions and governmental policies can protect against financial impoverishment.

There is evidence of *race, class, and gender discrimination* in the educational system. Racial discrimination in the educational system has a blatant and pervasive history (see U.S. Commission on Civil Rights, 1982). In the 18th and early 19th centuries, teaching slaves was illegal in most southern states. In 1885, California passed a school segregation law that allowed white public schools to exclude Chinese and Mongolian children. In 1896, the U.S. Supreme Court ruled that "separate, but equal" education was constitutional. Racial discrimination in the schools is not as blatant today, but in his book *The Shame of the Nation*, Jonathan Kozol (2005) provides convincing evidence that primary and secondary schools in urban areas are highly racially segregated and quite unequal, with students of color often receiving education in woefully substandard schools. Because of class segregation in housing, school systems tend to be segregated by economic class as well, with poor students being educated in substandard educational facilities. As higher education tuition has been rising, impoverished students find it difficult to access postsecondary education (Schiller, 2004). There is also a history of female exclusion from the educational system, but current gender discrimination is more subtle, with boys and girls being encouraged toward different types of educational curricula (Sadker & Sadker, 1994).

Racial, class, and gender discrimination also exists in the labor market. In studies which matched white and black job applicants, with comparable employment histories and skill sets, applied for the same jobs, the white applicants received significantly more job offers than the black applicants. The level of racial discrimination in hiring was higher in suburban areas than in urban areas (Bendick, Jackson, & Reinoso, 1994). In addition, employers have expressed reluctance to hire applicants from neighborhoods that are perceived to be distressed (Holzer, 1994; Skinner, 1995). In ethnographic studies, inner-city residents have reported that companies sometimes try to restrict the applicant pool by advertising only in suburban newspapers (Laester, 1997; Venkatesh, 1994). In terms of gender, men and women tend to be employed in different kinds of jobs and in different job sectors, and this results in sharply different wages for men and women. In fact, despite the expansion of women's rights, women continue to earn approximately 70 cents for every dollar men earn (Sciammacco, 1998). The wage gap leads to less lifetime earnings and less ability to accumulate wealth and establish financial stability, resulting in risk of impoverishment in old age. Although there is a gender wage gap in other OECD countries, the United States has a larger gender wage gap than Finland, New Zealand, France, Denmark, Norway, Australia, and Sweden (Waldfoegel, 1998).

When a macro economic approach is taken, examining *how much poverty* there is in a society rather than *who is impoverished*, it becomes clear that *labor market conditions* can be a source of risk or protection for the rate of poverty in a society. Labor market conditions include such variables as how many jobs are in existence or being created, wage scales, and required knowledge and skills. When the economy is strong, there are sufficient jobs to maintain low unemployment. However, in terms of impoverishment, it makes a difference whether the wages in these jobs are high or low. For example, the average wages of low-income mothers have stagnated in most OECD countries (UNICEF, 2005). During the 1990s, most OECD countries faced an economic recession, but the economy was strong in the United States during this period, resulting in a high demand for labor (known as a "tight labor market"). Tight labor markets have been found to benefit groups who are usually at high risk for unemployment. Indeed, available data indicate that in areas in the United States with typically very high unemployment, the employment rate increased significantly for young, less educated black males during the 1990s, a time of economic boom and tight labor markets (Nasar & Mitchell, 1999). Child poverty rates fell during this same period in the United States (UNICEF, 2005).

Governmental policies can provide a safety net that protects against impoverishment when other conditions are risky. The discrepancy between the poverty rates in the United States and similar wealthy countries is related in large part to the relative generosity of social welfare programs across countries. **Social welfare programs** are governmental policies and programs that are intended to care for citizen needs. Most other wealthy, industrialized countries provide more generous social insurance programs than the United States, including universal family or children's allowances, more generous unemployment assistance, universal health coverage, and universal child care (Rank et al., 2003).

When comparing the United States to eight similar countries, it is apparent that social welfare programs have an impact on poverty rates. As is clear in Exhibit 3.5, pretransfer

(before the addition of social welfare programs) poverty rates are similarly high across countries, but posttransfer (after the addition of social welfare programs) poverty rates illustrate a drastic reduction in poverty in the eight wealthy comparison countries, while in the United States the poverty level remains quite high (Rank et al., 2003). A child or family allowance is an example of social policies utilized in industrialized nations to positively affect child and family well-being and prevent families with children from falling into poverty. The United States is the only country among 21 similar countries that does not provide a cash child or family allowance (Clearinghouse on International Developments in Child, Youth and Family Policies at Columbia University, n.d).

<i>Country</i>	<i>Pretransfer Poverty Rates</i>	<i>Posttransfer Poverty Rates</i>	<i>Reduction Factor</i>
Canada (1994)	29	10	66
Finland (1995)	33	4	88
France (1994)	39	8	79
Germany (1994)	29	7	76
Netherlands (1994)	30	7	77
Norway (1995)	27	4	85
Sweden (1995)	36	3	92
United Kingdom (1995)	38	13	66
United States (1994)	29	18	38

Exhibit 3.5 Impact of Social Welfare Programs on Poverty Rates in Nine Countries

SOURCE: Reprinted with permission from Rank, M. R., Yoon, H. S., & Hirschl, T. A., American poverty as a structural failing: Evidence and arguments in *Journal of Sociology and Social Welfare*, 30(4), 3–29, copyright © 2003.

Another example of social welfare policy that can make a difference in the lives of women and children is child support policy, policy that regulates the child support paid by a noncustodial parent (Christopher, England, McLanahan, Ross, & Smeeding, 2000). Child support enforcement policies in the United States are underdeveloped when compared to those of other Western nations (Lindsey, 2004). In many wealthy countries, the government ensures collection of child support. However, according to 2000 Census Bureau data, \$60 billion are owed in child support in the United States each year, with \$17.1 actually collected (Lindsey, 2004, p. 326). There have been increased governmental efforts to collect child support as part of the Personal Responsibility and Work Opportunity Reconciliation

Act (PRWORA) of 1996, and this has aided many women in receiving essential child support payments. However, many families continue to suffer from inadequate or no child support payments (Crittenden, 2001; Hays, 2003).

Although it lags behind its peers in social welfare provision, the United States does offer one significant protection from poverty through the provision of a federal **Earned Income Tax Credit** (EITC) for low-wage working families. The EITC provides approximately as much assistance to low-income families as TANF and food stamps combined (Friedman, 2003). The EITC gives families up to \$4,204 in tax refund income, allowing them to purchase much needed resources and preventing a slide into poverty (Friedman, 2003). Many states and localities supplement the federal EITC program with their own tax programs, allowing low-income families to further benefit from tax refunds.

Spiritual Risk and Protection

Although there is little literature that would indicate spiritual risk factors for financial impoverishment, spirituality and affiliation with a religious institution within the community may serve as a protective factor for those who are impoverished (Bolland, Lian, & Formichella, 2005). There is a long history in the United States of community religious institutions providing resources for families living in poverty (Cnaan, 1997). Resources that religious institutions provide range from food, meals, and clothing to child care services, housing for the poor and elderly, and job training and location (Hodgkinson, Weitzman, Kirsch, Noga, & Gorski, 1993). Religiously based organizations were considerably ahead of the federal government in responding to the growing problem of homelessness in the 1980s (Cnaan, 1997). Religious affiliation also supports the development and expansion of social networks, potentially providing impoverished people with stronger and more diverse social resources to draw upon in times of need. Finally, a belief in something more powerful than humanity provides individuals and families with a sense of hope and strength (Bolland et al., 2005).

Biopsychosocial-Spiritual Integration

The identified risk factors are overlapping; in fact, many are difficult to classify as solely biological, psychological, or social in nature. For example, we have discussed mental illness as a psychological factor, but current advances in neuroscience might indicate that it is better thought of as a biological factor, or perhaps a biopsychosocial factor. We have discussed disability as a biological factor, but the disability rights community argues that disability is constructed by the interaction of the individual with the environment, arguing for a social component to disability (Law & Dunn, 1993). Moreover, many factors are difficult to classify as either antecedents or consequences of financial impoverishment because they are in fact both, as is evident with health and disability.

Our discussion also sheds light on mechanisms of protection. Most risk factors, in the inverse, operate as protective factors. So, for example, the absence of ill health or disability

is a protective factor for financial impoverishment. And, in the United States, increasing age, generally, though not always, serves to protect individuals from the risk of poverty. Older men are much less likely than older women to be impoverished (Fritz, 2005). This comes from a mix of a biological factor, shorter longevity for men, and two social factors: men's employment patterns have allowed them to enter old age with more economic resources than older women, and older men are less likely than older women to live alone.

There is evidence that the physical environment interacts with biological factors, psychological factors, and social environments to create a risk of impoverishment. Natural disasters, such as drought and major hurricanes, can significantly increase the rate of poverty for a country or region of a country (Jha, 2006).

There is strong evidence that residing in a nation with a strong social welfare system and other antipoverty strategies in place serves to protect against financial impoverishment. The UNICEF (2005) study of child poverty in rich countries demonstrates, however, that it is the unique combination of such macro social variables as family structure, labor market conditions, and governmental policy—and not one isolated factor—that produces the rate of child poverty in a society. To illustrate this point, the researchers provide an example of the situations in the United States and Norway during the 1990s. During that period, the child poverty rate was reduced by 2.4% in the United States and by 1.8% in Norway, bringing the rate to 21.9% in the United States and 3.4% in Norway. However, it was a different combination of labor market conditions and governmental policies that led to the declines in child poverty in the two countries. During the period in question, the United States was enjoying a booming economy while reducing governmental programs. Norway, on the other hand, was facing an economic recession but managed to reduce child poverty even further than the already low rate by increasing governmental supports for families. The UNICEF report also concluded that **universal social welfare programs** that target all families, such as universal family allowances, while appearing more expensive, actually do more to reduce child poverty than **residual social welfare programs**, such as TANF, that are targeted only to those most in need. They suggest that such targeted residual programs may provide little incentive to move from welfare to work. The United States favors residual social welfare programs, while European countries favor universal social welfare programs.

Consequences of Financial Impoverishment

As illustrated in Exhibit 3.6, financial impoverishment blocks access to basic resources necessary for well-being. Poverty and income inequality create instability at macro, mezzo, and micro levels. System and ecological perspectives suggest that instability at any of these levels will impact all aspects of the functioning of systems and subsystems. And indeed, empirical evidence supports this principle. Poverty-induced instability is manifested in myriad ways at all three levels. Violence, ill health, and disability are three consequences of poverty.

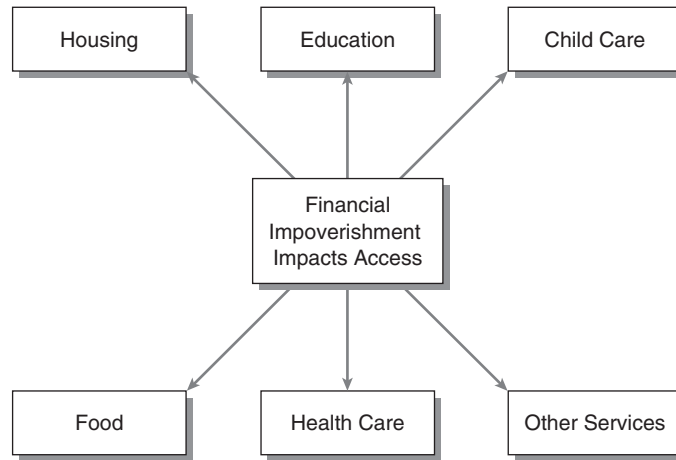


Exhibit 3.6 Impact of Financial Impoverishment on Access to Resources

Violence

Poverty and income inequality (gross economic differences between the rich and the poor) prevent societies from reaching optimal levels of social cohesion. Violence/conflict is one extreme measure of instability. As is discussed in Chapters 4 and 5, poverty has been found to be a risk factor for both community and family violence. Impoverishment itself can also be viewed as violence against humanity, because poverty, like all violence, leads to physical and emotional suffering and premature death (Van Soest & Bryant, 1995). For example, David Loeffler is of the opinion that stress related to loss of the family dairy farm is responsible for his father's early death, and he himself seems to have emotional scars from that time of high stress. Rates of violence are highest in highly impoverished nations and nations with significant inequalities. In these volatile environments, inequality is often accompanied by high degrees of conflict and **social exclusion**, or the political, economic, social, and cultural marginalization of a group of people based on a group characteristic such as class, race, or gender (Goodhand, 2001). Nations plagued by chronic poverty are also likely to experience longer periods of violent conflict, because involvement in military operations may be the only viable way of supporting oneself (Goodhand, 2001).

Violence associated with poverty is also readily transportable across borders, but the relationship between poverty and international terrorism is not direct. Many point out that terrorist organizations do not always develop in poor nations, and they are rarely led by impoverished persons themselves because poor people do not have the luxury of time or resources to plan terrorism (Ferraro, 2003; Lancaster, 2003). At least one economic analysis has suggested that living in an impoverished country is not significantly related to engagement in terrorism (Abadie, 2004). However, Sachs (2005) points out that terrorist

organizations look to failed states for members. And state failure is often related to economic failure and widespread poverty. Although there is currently much debate regarding the nature of the relationship between poverty and terrorism, most agree that global poverty and inequality are interconnected with the growth of terrorism.

Turning to the United States, community violence is suffered at high rates in impoverished neighborhoods (Boney-McCoy & Finklehor, 1995; Krug et al., 2002; Simon, Mercy, & Craig, 2001). Isaiah Jackson has already become a victim to such neighborhood violence, and it appears that Junito Salvatierra is at risk of being involved in such violence, at least as a witness. In such neighborhoods, community residents suffer high rates of anxiety and depression and often feel a pervasive sense of immobilizing hopelessness as well as physical injury and trauma (Boardman & Robert, 2000). Sondra Jackson has already experienced the death of her only child and struggles to avoid the sense of hopelessness that she observes in her neighbors. Children are perhaps the most adversely affected by such violence, experiencing detrimental effects on their biological, cognitive, emotional, social, and spiritual development. Familial violence is also high for those living in poverty (Krug et al., 2002). Impoverished families often live with chronic and acute stress as well as a variety of other risk factors that predispose them to violence. Financial stress in the Salvatierra family often spills over into violence, further destabilizing a family that is already struggling to stay connected.

Poor Health

Epidemic levels of poor health are another destabilizing force with at least partial roots in financial impoverishment. The WHO (2003b) is concerned with alarmingly high levels of ill health and premature death found in impoverished communities. Communicable diseases such as HIV/AIDS, tuberculosis, and diarrheal conditions cause millions of fatalities each year. Disease prevents adults from working, parenting, and supporting children. Furthermore, death due to disease is responsible for leaving some nations without a viable workforce and without parents to raise the children. Globally, children who experience poor health and impoverishment are at high risk of death before the age of 5. It is unsettling to realize that the most pressing challenge for children in developing countries is to simply stay alive (Healthlink Worldwide, 2003).

In the United States, poverty is seen as the driving force behind growing health disparities (Krieger, Chen, Waterman, Rehkopf, & Subramanian, 2005). Impoverished families and their individual members face a greater than average risk of experiencing ill health. Ill health works to place poor families at further risk of continued impoverishment. Impoverished families and individuals often live in toxic physical environments with limited access to important health-related resources, including health insurance (Kozol, 1995, 2000). The unsafe nature of the physical and social environments of many highly impoverished communities may lead to restricted levels of activity, with negative health consequences (Mullahy & Wolfe, 2002).

The highly stressful environments in which many impoverished families live have an impact on both their physical and mental health (Wilson, 1987b). Studies suggest that chronic stress can cause changes in endocrine functioning, resulting in immune dysfunction and degenerative heart disease (Brunner, 1997; Sapolsky, 2005). Poverty has also been found to contribute to some types of mental illness. For example, household food insufficiency is associated with major depression, even when controlling for other risk variables (Heflin, Siefert, & Williams, 2005).

Impoverished children have health risks beginning during the prenatal period when they are exposed to the environmental pollution often present in impoverished neighborhoods. They are less likely to have adequate and ongoing prenatal care and are less likely to benefit from a mother who has the resources to purchase and consume a diet rich in appropriate nutrition (Mullahy & Wolfe, 2002). These factors result in many health problems, including low birth weight, infant mortality, and impaired brain development (Spencer, 2003). Such perinatal complications have been found to set up risk for a number of challenges of living throughout the life course (Werner & Smith, 2001). After birth, poor infants, toddlers, and many children continue to suffer high rates of ill health, ongoing difficulties accessing health care, hazardous environments, and inadequate nutrition.

Impoverished children suffer from more chronic and acute illnesses than their affluent counterparts (Spencer, 2003). One chronic condition associated with poverty is asthma (Halfon & Newacheck, 1993). It is thought that children living in high-stress environments, with little access to health care, substandard housing, and environmental hazards suffer from both higher prevalence and greater severity of asthma (Halfon & Newacheck, 1993; Kozol, 1995, 2000). Aside from chronic illness, children living in impoverished conditions are at a higher risk for severe childhood injury (Wen, Browning, & Cagney, 2003). Furthermore, poor children are also more likely to have high levels of lead in their blood. Lead exposure is a serious risk for poor physical, behavioral, and cognitive health (Mullahy & Wolfe, 2002). As a result of poor health, impoverished children are at risk for poor school attendance and thus low educational attainment, increasing the odds of poor health and its consequences across the life course (Bauman, Silver, & Stein, 2006).

Disability

People living in poverty often become disabled as a result of problems accompanying poverty, such as malnutrition, poor housing conditions, working in hazardous occupations, and a high exposure to violence (United Nations, 1996). Injuries in the low-wage, low-benefit meat-packing and cleaning industries are often a result of repetitive motion and hazardous workplace settings that are inadequately monitored for health and safety standards (Cooper, 2000; Ehreich, 2001). Individuals who suffer such injuries are rarely compensated because they either quit or are forced out of the job without compensation.

Cooper (2000) tells the story of Symery, who worked for Iowa Beef Packing (IBP) cutting meat off of backbones. Five months into his job, a month before his limited company health care package began, he slashed his palm open. Symery paid for his own medical

expenses, and IBP docked his wages for his absences. After returning to work, Symery experienced a second injury that left him disabled; however, "IBP recognizes only reports of its own contract doctors, and they certified Symery as fit to work" (Cooper, 2000, p. 101). The result was that Symery had no income after the second injury. Clearly, Symery is an example of how the type of jobs that impoverished people hold put them at risk of becoming disabled and set up the complex disability-poverty relationship.

Ways of Coping

It is hard to imagine effective ways of coping with the extreme poverty found in the developing world. Yet families and children do cope. Most often the coping strategies utilized are economic in nature, because being able to obtain the basic resources necessary for survival is the foremost concern.

Children in developing nations who are left orphaned or otherwise abandoned because their families are unable to provide for them engage in many activities that help them cope and survive. One study found that Nigerian street children cope by engaging in activities that will earn them money, acting as porters, bus conductors, car washers, and trolley pushers (Aderinto, 2000). These strategies seem to help with children's survival. However, it is difficult to become and remain employed, and children are often antagonistic toward one another because survival is at stake.

Women in developing nations cope in similar ways. If they are able, they migrate to developed nations to perform the work of nannies and household help (Ehrenreich & Hochschild, 2002). These women often migrate without their families with the goal of sending money to family members for their care and support. It should be noted that the types of employment found by such women are often undocumented or unofficial, hence increasing the risk of poverty as they age. Women and families unable to migrate to developed nations cope by finding ways to sustain themselves economically, often using traditional skills. Unfortunately, families living in extreme poverty sometimes fall prey to child traffickers who often ply them with hopeful stories of the better life they can provide for children (Mokhiber, 2003).

Individuals and families within the United States utilize many coping strategies when faced with poverty. Most studies of coping strategies among poor people are conducted with low-income women, in particular women receiving TANF. This is a limitation of research in this area. However, it might be hypothesized that the coping strategies utilized by very poor women are similar to those utilized by other impoverished individuals and families.

One of the most well-documented effective coping strategies is the development and utilization of strong social networks (Cohen & Wills, 1985; Todd & Worell, 2000). Impoverished families utilize reciprocal family and friendship networks to obtain resources for survival. Social networks provide information and resources in the areas of child care, jobs, recreational activities, housing, and social welfare benefits (Strother, 2003). Social networks also provide needed emotional support even though family and

friends are usually similarly poor (Strother, 2003). The Tran family seems to have benefited from having a larger extended family network in the United States than that of the Salvatierra family. Like many immigrant families, both families have benefited from close ethnic networks in their communities.

Many living in poverty also make effective use of the limited resources available to them, including governmental entitlement programs (e.g., TANF, Medicaid, food stamps), community aid opportunities (e.g., food pantries, clothing closets, community meals), and social supports within the community (Edin & Lein, 1997; Schulz et al., 2006). Effective utilization of such resources provides essential basic resources and additional social support for poor families and their children.

Spirituality is another widely utilized and effective coping strategy for those faced with impoverishment (Strother, 2003; Todd & Worell, 2000). Poor families often report that their belief in God and other religious beliefs provide support. A belief in something outside of oneself appears to help alleviate some of the pressure and stress related to poverty.

Social Justice Issues

Individuals and groups within the United States and globally do not possess equal odds of experiencing poverty. Children, women, persons of color, and individuals with disabilities or health challenges are inherently vulnerable to poverty. Globally, individuals residing within impoverished nations face alarmingly high odds of death and disease. These disparities reveal the unjust nature of poverty and its many inextricably linked risks.

Institutional and individual levels of racism, both historical and current, have contributed to racial disparities in poverty rates. **Institutional racism** is racism carried out and perpetuated by sociocultural institutions (e.g., schools, banks, governmental agencies) that serves to exclude people of color from equal access and opportunity and serves to maintain or worsen their societal disadvantage (Pincus, 2000). It is well documented that institutional racism is related to differences in quality of education and educational attainment, obtaining and maintaining a job, income and pay, and access to resources in general. Because of the long history of institutional racism in the United States, African Americans, American Indians, and many Latinos have accumulated disadvantage across the generations, with no capacity to build a cushion of assets to get them through economic hard times.

Individual or contact racism, or the unequal treatment of persons in interpersonal relationships, results in social segregation and a lack of social networks that provide access to jobs and resources (Loury, 2002, p. 452). Occurring across time and space in ongoing "business as usual," these situations heighten the risk of impoverishment for individuals, families, and groups of color.

Cultural and structural racism also work to place people of color at high risk for impoverishment in the United States. Cultural reaction to skin color places blacks, American Indians, and Latinos at high risk of impoverishment. **Structural racism** refers

to institutional ways of operating that appear to be race (gender) neutral but which, in effect, disadvantage racial minorities because of the history of institutional racism. For example, in economic downturns, organizations use the policy of seniority to determine which employees will be terminated. That appears, on the surface, to be a race-neutral policy, but in effect it serves to protect the advantage of white workers and to disadvantage workers of color, because historical institutional racism has resulted in longer longevity in the workplace for white workers (Pincus, 2000).

Some societal values and assumptions also lead to discrimination against women in the United States. Women have traditionally been charged with the primary family care work in society, meaning they are disproportionately responsible for not only child rearing but also caring for ill and aging family members (Hutchison & Charlesworth, 2000). This essential work takes place outside the paid labor market and is uncompensated yet necessary for general societal well-being and functioning. This puts women at risk for poverty if caretaking is their primary occupation, because they are often left with diminished or no personal income. But increasingly, women are performing both this unpaid labor as well as working in the paid labor force. When women juggle caretaking and paid work, their ability to advance at work may be compromised (Crittenden, 2001; Ehrenreich, 2001). The gender wage gap also contributes to lower lifetime earnings for women.

A desire to work toward economic justice requires a moral conviction that “every person counts, has human dignity, and deserves respect, equality, and justice” (Pharr, 2000, p. 451). Work for economic justice is a moral imperative. It is important to “make connections to show how everyone is interrelated and belongs in community. . . . Today’s expression of violence, hatred, and bigotry are directly related to the level of alienation and disconnection felt by people. For our survival, we must develop a sense of common humanity” (Pharr, 2000, p. 451).

Practice Implications

Social workers are uniquely qualified to effectively intervene at the micro level with impoverished individuals and families, at the mezzo level with impoverished social networks and neighborhoods, and at the macro level in policy development and implementation. Our commitment to vulnerable groups, to cultural awareness, and to social and economic justice provides us with motivation to tackle the complex micro, mezzo, and macro arrangements that maintain financial impoverishment (Seipel, 2003).

When working with individuals and families, social workers will do well to draw on the literature on culturally sensitive social work practice. Key components of this literature include practitioner self-awareness of societal position (privilege), personal culture, values, and ethics that affect worldview; an awareness of cultural values, behaviors, and beliefs that influence societal structure; and the ability to work with clients occupying different societal positions and possessing different worldviews in a nonbiased fashion

(Lum, 2003a). The social work practitioner who works with financially impoverished individuals needs to avoid stereotypical assessments of clients, particularly those based on culturally dominant views that blame poor people for their poverty. Combining cultural sensitivity with a strengths-based empowerment approach to work with impoverished families will allow the social work practitioner to recognize, as well as utilize, poor clients' effective coping strategies.

At the mezzo level, social workers can work with families and individuals in communities to alter community and governmental structures that perpetuate the impoverishment of distressed communities. These strategies can be used with individuals and families within the United States as well as abroad in developing countries. Working collaboratively with community members, we can focus on "enhancing their capacity to influence the institutions that affect their lives and strengthening their participation in political and economic processes" (Ortiz, n.d., p. 6). Social workers can also work in partnership with leaders in impoverished communities to assist them to build greater social cohesion, to obtain needed resources, and to build neighborhood assets.

It is clear from the discussion in this chapter that national and global macro structures serve to maintain and increase financial inequities and poverty. Inadequate governmental social welfare policy on the national level serves both to keep impoverished people poor and to further impoverish them. Therefore, social workers need to develop and utilize macro-level advocacy skills to affect policy change on the state and national level. Haynes and Mickelson (2005) and Schneider and Lester (2001) discuss macro-level advocacy and describe models and methods for effective advocacy for change, including lobbying and working with social movements.

Schneider and Lester (2001) offer eight principles for legislative advocacy. These include identifying issues, setting goals, getting the facts, planning strategies, finding and utilizing leadership, developing relationships with decision makers, broadening the supportive base, and evaluating advocacy efforts. To be good fact finders, we must hone our research skills. As suggested by UNICEF (2005), "To change something, first measure it" (p. 5). Social workers should also become aware of the range of policies that have been proposed and implemented across national lines for reducing poverty, and with the data about the relative success of these different policies. We also must become well informed about the political culture in our localities, states, as well as the nation, and critically plan which policies are most likely to get political traction at this time.

A second approach that social workers can use on local, state, national, and global levels is either agitating for or becoming involved in social movements committed to economic justice. Haynes and Mickelson (2005) offer the 10 phases of organizing social movements found in Exhibit 3.7. Clearly, this is a simplification of the social movement process, yet the identified steps can be helpful for social workers interested in organizing. Social movements most often take years, if not decades, to result in change. However, considering the global crisis of poverty, the need to develop or to take part in such movements is clear.

A global movement has begun with the adoption of MDGs by the United Nations in 2000. The eradication of extreme poverty is one of those goals. A final report on practical strategies toward this end calls for increasing aid to developing countries from Western

Becoming aware of the problem
Raising consciousness of others
Developing leadership and using leadership
Being aware of disagreement among group members
Getting the word out/developing momentum
Suggesting solutions/debating solutions
Investigating best and most efficacious solutions
Securing political support
Paying heed to practical solutions
Implementing a compromise plan

Exhibit 3.7 Ten Phases of Social Movement Organizing

SOURCE: Based on Haynes & Mickelson, 2005.

countries and for awarding funding in the developing countries at the local level rather than the national level (Sachs, 2005). Social workers can utilize their advocacy skills to develop public awareness of the MDGs and the need for increased aid to developing nations. The United States has been challenged to give 0.7% of its gross national product (GNP) to eradicate poverty (Sachs, 2005). Social workers have the skills and professional mandate to assume public leadership in telling our government we want an end to poverty.

To make further progress on MDGs, social workers can interact and work with various international bodies, including the United Nations, World Bank, IMF, and nongovernmental organizations (NGOs; Seipel, 2003). The solution to global poverty will come from international work. Therefore, social workers should collaborate with recognized and respected international organizations. Working closely with such organizations will allow social workers to become part of the “powerful and coherent voices” intent upon fighting poverty (Seipel, 2003, pp. 205–206).

Learning Activities

1. Knowledge About the Case. In a small group, reread the case of Elias and Claudia Salvatierra.

- a. Discuss the biopsychosocial-spiritual factors present in their lives that might have put them at risk for financial impoverishment.
- b. Reflect on the theories of causation of poverty presented in the chapter.
 - i. What theories of causation do you feel are best able to explain the Salvatierras’ impoverishment? Why?

- ii. Based on the theories you selected, what might be the best micro-to-macro solutions to alleviate the poverty experienced by the Salvatierras?
- iii. Discuss what protective factors you would attempt to mobilize in order to mitigate the effects of poverty on their lives.

2. Knowledge About the Self. *Monthly Budget Exercise:* In small groups, map out a monthly budget that you feel necessary to meet the basic needs of a family of three (a mother and two children, ages 7 and 2) living in your community (if group members are from more than one community, pick one community to focus on). The monthly budget must include the following items: rent/mortgage, utilities, transportation (automobile or mass transit), health care (prescriptions, co-pays), food, other nonfood grocery items, clothing, day care, and miscellaneous needs (paper products, school trips, car insurance, car and home repairs, etc.).

- a. Compare your monthly budget results to the U.S. poverty threshold and to the average TANF cash benefit.
 - i. How much more/less was your budget than the amount of those who live on the poverty threshold? On TANF?
 - ii. What thoughts did you have regarding the amount your group calculated as a minimal monthly budget compared to the amount of money a family on the threshold or on TANF has to live on?
- b. What personal biases did this exercise reveal to you? Before completing this exercise, what were your feelings regarding those in poverty? After completing this exercise?
- c. As a social worker, what types of skills and competencies would you need to work with families in poverty?
- d. As a social worker, what types of governmental, community, familial, and personal resources and supports would you access to aid a family living on your minimal monthly budget? On the poverty threshold?
- e. Based on this exercise, what policy suggestions regarding poverty and its eradication do you have?

3. Values and Ethics. *TANF Exercise:* You are working with a family receiving TANF. You recently learned that the mother in the family you are working with is earning extra money under the table by babysitting for the neighbors, driving them to the store, and selling a variety of items she purchases at the local discount store for a marked-up price to neighbors. The money your client earns from these activities allows her to stretch her TANF benefit dollars enough to supply her family with some of the following: extra clothing, additional food, clean laundry, school money, and other small and/or unexpected household expenses. You are required to report any work that your client is participating in to the TANF office. If you report the earnings your client is making from her unreported work activities, you are likely to jeopardize her TANF benefit. She and her family could

be sanctioned or possibly lose benefits. What would you do as the caseworker in this situation? Refer to the National Association of Social Workers (NASW) Code of Ethics to identify the standards of relevance.

4. General Knowledge. *Community Poverty Exercise:* Imagine that your class has been asked to undertake an activity to address poverty in your community. As individuals, small groups, or as a class, locate and utilize community resources and experts to discuss poverty rates in your community. As you work through this exercise, pay close attention to documenting trends and recent changes of importance.

- a. Collect and present data on the prevalence of community poverty in general, childhood poverty, and the poverty rate in your community compared to the most recent national statistics.
- b. Collect and present data on particularly problematic areas within your community (geographic areas, age groups at risk, racial or ethnic groups at risk). Again, compare this to the most recent national statistics.
- c. Based on the data you collected, develop a community service plan that targets those groups or areas most at risk of impoverishment. Such plans could include the following:
 - i. Volunteering social work services at local agencies serving your targeted populations.
 - ii. Developing additional funding or services for local agencies that work with people living in poverty.
 - iii. Linking with a local advocacy group or beginning an advocacy group that works to change policies in place to help those who experience poverty or creates policies to eradicate poverty.
 - iv. Linking with the groups or areas identified in (iii) and working with them to document their lives and/or to advocate for policies and programs to alleviate poverty.

