



Social, political factors affect area poverty

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University Park, Pa. – Many state and federal initiatives to combat poverty focus on education, job training and affordable housing for residents. But a recent study reveals the influence of social and political factors on the amount of poverty in a county.

"While economic factors can partially explain the variation in poverty rates among regions, they cannot give the full picture," explained Stephan Goetz, director of the Northeast Regional Center for Rural Development and Penn State professor of agricultural and regional economics, and a co-author of the study. "Some anti-poverty policies focus on improving the educational level of the residents and creating new jobs, but those strategies do not automatically guarantee change in the poverty rate."

Anil Rupasingha, New Mexico State University, and Goetz developed a spatial analysis model that measures social, political and demographic factors previously excluded from poverty studies or included only anecdotally. They examined data from more than 3,000 counties in the U.S. during the 1990s.

In addition to employment, industry composition and education figures, the researchers also analyzed a variety of other statistics including proprietorships or self-employment, federal grants, political competition, ethnic diversity, foreign-born population, non-moving residents and consumption expenditures.

Counties with more self-employed workers or entrepreneurs, more immigrants and more community leadership and participation, known as social capital, have lower poverty rates, according to the study.

Historically, the entrepreneurial class was seen as a driving force in the growth of business enterprise in a community. The study counted the number of full- and part-time proprietor jobs. While not all proprietors are entrepreneurs, they likely have more in common with this group than with wage or salary workers.

"Often the focus is on attracting new employers, particularly manufacturing industries or technology industries, or expanding current large employers," Goetz noted. "But in recent years, more government agencies have been promoting local entrepreneurship and small-business owners who may have deep family roots or social networks in their region."

Another factor, social capital, is measured by variables such as membership recreation and sports clubs, civic and social associations, religious organizations, business associations and professional organizations. Often, small-business owners and local entrepreneurs also may be part of those organizations.

"Entrepreneurs may be more involved with their community, not only financially but also as community leaders or volunteers," said Rupasingha and Goetz. "They may lead efforts to build affordable housing, new schools, libraries or arts centers. They also may be willing to purchase supplies from local businesses, rather than seeking the lowest-cost supplier."

Also, counties with a higher share of foreign-born population had lower poverty rates. One possible explanation is that foreign immigrants bring new ideas and energies into communities, which in turn lead to economic growth and less poverty, the researchers said.

The study finds that counties with more competition between the two major political parties have lower poverty rates. The researchers compared the county vote for the presidential candidates with the average pattern for those candidates in the national elections.

"The more balanced the voting, in the sense that the elections were closer and more highly contested, the lower the poverty rate," said Rupasingha and Goetz. "This suggests that, just as more competition in the market for goods and services leads to better products, so does greater competition in the 'market' for voters produce better ideas for possible solutions to poverty problems."

In contrast, the study found higher poverty rates in counties most heavily affected by the North American Free Trade Agreement (NAFTA), with more service industries and big-box retailers, and with more federal grants. While the study did not examine the benefits of NAFTA, the results do reveal that the costs of free trade in terms of declining manufacturing employment opportunities are not borne evenly across U.S. counties.

"Service sector jobs that emerge to replace manufacturing jobs on balance likely do not pay enough to bring people out of poverty," the researchers added.

"Although there have been many, many studies of poverty and billions of dollars have been spent on poverty programs over time, we still have many poor citizens," Goetz noted. "The poverty rate is now rising again after a decline during the 1990s. Policymakers are voting on programs that may address only the economic factors that lead to poverty. If the social and political factors are ignored, even the programs and recommendations with the best intentions may not be successful."

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