CHAPTER

2 Patterns and Dynamics

In the prior chapter we examined the questions of how to define and measure poverty. We also looked at how many people are poor in any given year. This background is a logical starting point for understanding the scope of the problem.

In this chapter we expand upon these topics by exploring the dynamics and patterns of poverty. Here the elements of time and space are introduced. Consequently, how long are people poor? How often do they experience poverty? What is their lifetime risk of experiencing poverty? How does the United States compare to other countries? We explore each of these questions in the pages ahead.

The Dynamics of Poverty

Before the advent of large longitudinal data sets tracking the same people and households over extended periods of time, it was often assumed that those who were in poverty this year were roughly the same people who were in poverty last year and the next year. These assumptions were primarily based on anecdotal stories. However, beginning in the mid-1970s, social scientists have acquired substantial information from large panel data sets (following the same people over time) about the actual patterns and length of time that individuals find themselves in poverty (Pfeffer, Fomby, and Insolera 2020). It turns out that a much more accurate picture is that poverty spells tend to be short but frequent. Poverty is typically fluid rather than the static image often portrayed.

Table 2.1 displays the percentage of new poverty spells in the United States that end after a given number of years. As we can see, within one or two years, the majority of people have escaped from poverty. Within one year, 53 percent of new spells have ended, 70 percent have ended after two years, and over three-quarters within three years. Less than 15 percent of spells will last more than five years. If we consider long-term poverty as five or more consecutive years, then the vast majority of American poverty spells do not meet such a standard. As Mary Jo Bane and David Ellwood explained years ago in one of the first analyses of American poverty spells, “Most people who slip into poverty are quite successful in getting out” (1986, 12).

Another way of seeing the relatively short-term nature of poverty spells is through a U.S. Census analysis of monthly poverty. Using a large longitudinal data set known as the SIPP (Survey of Income and Program Participation),

Table 2.1 Spell Length Distribution for New Poverty Spells

Years in Poverty	Percent of New Spells that Ended (%)
1	52.5
2	69.7
3	77.9
4	82.9
5	86.1
6	88.3
7	90.1
8	91.3
9	92.3

Source: Adapted from Ann Huff Stevens, "Climbing Out of Poverty, Falling Back In Measuring the Persistence of Poverty over Multiple Spells," *Journal of Human Resources* 34, no. 3 (Summer 1999), p. 568.

poverty can be analyzed on a monthly rather than an annual basis. During the 36 months of 2009, 2010, and 2011, 31.6 percent of the U.S. population experienced poverty at some point (defined as being in poverty for two or more consecutive months). For those experiencing poverty, 72.1 percent did so for 12 months or less, while only 15.2 percent of individuals experienced poverty for more than 24 consecutive months (U.S. Census Bureau 2014). Again, the vast majority of those experiencing poverty do so over a fairly short period of time.

Research has also shown that the reasons for entering and exiting poverty are most often caused by changes in employment status and/or financial resources (Cellini, McKernan, and Ratcliffe 2008). As individuals lose jobs or have their hours cut back, the likelihood of poverty increases. Other causes of entrances/exits include changes in family structure (such as divorce/marriage, childbirth, or a child leaving home to start their own household), and health-related issues. These are common events that most of us will experience over our life course. However, some Americans live closer to the poverty line than others, making these events more consequential in their lives. But they can happen to any of us, and for those close to the line who fall into poverty as a result, most will fight hard to escape poverty and succeed relatively quickly.

Poverty spells triggered by moving out of one's parents' house tend to be the shortest, while spells triggered by the birth of a child tend to be the longest. Employment, education, and marriage are helpful in avoiding poverty along with faster exits if one does become poor, and avoiding multiple spells. African Americans, women, female-headed households, and those with low educational attainment are at higher risk of new spells, multiple spells, and longer-lasting spells (Rank 2020a).

Data on time spent on government assistance in terms of the social safety net are also useful to this discussion. A little over a quarter (27 percent) of Americans use at least one major means-tested program (Medicaid, the Supplemental Nutrition Program or SNAP, Housing Assistance, the Supplemental Security Income Program or SSI, the Temporary Assistance for Needy Families Program or TANF, and/or General Assistance) at some point during the year, with an average of about a fifth (21 percent) participating in at least one program each month (U.S. Census Bureau 2015). Participation within a given year is higher for female-headed households (58 percent versus 20 percent for married couples), African Americans and Hispanics (49 and 46 percent versus 18 percent for whites), children (47 percent versus 23 percent for working-age adults), those without a high school degree (45 percent versus 29 percent for high school graduates), and the unemployed (42 percent versus 11 percent for full-time workers). Within a four-year period, a majority of participants (57 percent) will use these programs for three years or less (U.S. Census Bureau 2015). Medicaid and SNAP are the most heavily used programs (15 percent and 13 percent monthly participation, respectively).

The program that Americans most often strongly associate with "welfare"—TANF—is used much less than other programs (1 percent of the population monthly, 1.7 percent over a four-year period) (U.S. Census Bureau 2015). Spells on TANF are also very short: half (50.5 percent) end within 4 months, and over three-quarters (79.6 percent) within a year (U.S. Department of Health and Human Services 2018).

While short-term poverty and welfare use is the norm, long-term poverty is nevertheless a concern. Some analyses show that, at any given moment, a majority of the poor are enduring long-term poverty spells of 10 years or more. How could this be, if most new poverty spells end within one or two years? Bane and Ellwood explain with a helpful metaphor:

> *Consider the situation in a typical hospital. Most of the persons admitted in any year will require only a very short spell of hospitalization. But a few of the newly admitted patients are chronically ill and will have extended stays in the hospital. If we ask what proportion of all admissions are people who are chronically ill, the answer is relatively few. On the other hand, if we ask what fraction of the number of the hospital's beds at any one time are occupied by the chronically ill, the answer is much larger. The reason is simple. Although the chronically ill account for only a small fraction of all admissions, because they stay so long they end up being a sizable part of the hospital population and they consume a sizable proportion of the hospital's resources.* (1986, 11)

So while most Americans who find themselves in poverty will be there for only a matter of a few years, persistent poverty is in fact a concern. This minority of the poor does indeed present unique challenges to policy makers compared to the majority of short-termers.

The risk of experiencing multiple spells is also a concern. Despite the norm of short spells for most people, slightly more than half of those who escape poverty will return for an additional spell within five years (Stevens 2012). The longer one experiences poverty, the harder it is to escape and the more likely one is to return as well. While a majority will exit poverty within the first year, the likelihood of escaping declines rapidly after that. For those who have been in poverty for five years, their likelihood of exit is less than 20 percent. And for those who have been in poverty for at least five years prior to exit, more than two-thirds will return within five years (Cellini, McKernan, and Ratcliffe 2008).

The Life Course Risk of Poverty

Another way of thinking about the scope of poverty is to consider the lifetime risk of experiencing poverty. Rather than asking the question of how long are people in poverty, the question becomes what percentage of the American population will at some point in their lives experience poverty?

Background

The longitudinal research of sociologists Mark Rank and Thomas Hirschl has helped shed light on the issue of the life course risk of poverty. Over two decades ago, Rank and Hirschl were interested in asking a very basic question, "How likely is it that an American will experience poverty firsthand?" Furthermore, "What are the chances that an American will use a social safety net program at some point during their adulthood?" In order to answer these questions, they turned to an invaluable longitudinal data set—the Panel Study of Income Dynamics, otherwise known as the PSID.

The PSID is a nationally representative, longitudinal sample of households interviewed from 1968 onward (Pfeffer, Fomby, and Insolera 2020). It has been administered by the Survey Research Center at the University of Michigan, and it constitutes the longest-running panel data set both in the United States and the world. The PSID initially interviewed approximately 5,000 U.S. households in 1968, obtaining detailed information on roughly 18,000 individuals within those households. These individuals have since been tracked annually (biennially after 1997), including children and adults who eventually break off from their original households to form new households (for example, children leaving home or adults following a divorce). Thus, the PSID is designed so that in any given year the sample is representative of the entire U.S. population.

As its name implies, the PSID is primarily interested in household information about economics and demographics. For each wave of the study, there is detailed information about the annual income for each household. Consequently, one can easily determine whether households fell into poverty across the various years of the study. The survey also asks questions pertaining to whether anyone in the household has used a social safety net or welfare program at some point during the year.

Based upon these data, Rank and Hirschl constructed a series of what are known as life tables. The life table is a technique for calculating how often particular events occur during a specific period of time, and is frequently used by demographers and medical researchers to assess risk (i.e., the risk of having a heart attack during later adulthood). It allows us to estimate the percentage of the American population that will experience poverty at some point during adulthood.

Lifetime Risk of Poverty

Using this life table approach, the risk of experiencing poverty for the American population can be assessed. Results indicate that between the ages of 20 and 75 years, nearly 60 percent of Americans will experience at least one year below the official poverty line, while three-quarters of Americans will encounter poverty or near poverty (150 percent below the official poverty line). These findings indicate that a clear majority of Americans will directly experience poverty at some point during their adulthood.

Rather than a small fringe on the outskirts of society, the majority of Americans will encounter poverty. In Table 2.2 we can observe the cumulative percentages of the population who will be touched by poverty or near poverty. Between the ages of 20 and 35 years, 31.4 percent will have experienced poverty; by age 55 years, 45.0 percent; and by age 75 years, 58.5 percent. Similarly, 76.0 percent of the population will have spent at least one year below 150 percent of the official poverty line by the time they reach age 75 years.

This pattern holds up regardless of how we might measure poverty. For example, in a complementary analysis, Rank and Hirschl relied on a relative measure of poverty—they analyzed the likelihood of Americans falling into the bottom 20 percent of the income distribution as well as the bottom 10 percent. The authors calculated that 62 percent of Americans between the ages of 25 and 60 years would at some point experience at least one year below the 20th percentile, while 42 percent would fall below the 10th percentile (Rank and Hirschl 2015). Again, the likelihood of poverty was quite pronounced across the life course.

Using a broader definition of economic turmoil that includes experiencing poverty, receiving a social safety net program, or encountering a spell of unemployment, results in even higher rates. Consequently, between the ages of 25 and 60 years, 79 percent of the American population experienced one or more of these events during at least one year, and 49.8 percent experienced three or more years of such turmoil (Rank, Hirschl, and Foster 2014).

The reason why these percentages are so high is that over long periods of time, detrimental events are much more likely to happen, which can then throw individuals and their families into poverty. As discussed earlier, these

Table 2.2 The Cumulative Percent of Americans Experiencing Poverty Across Adulthood

	Level of Poverty		
Age	**Below 1.00 Poverty Line**	**Below 1.25 Poverty Line**	**Below 1.50 Poverty Line**
20	10.6	15.0	19.1
25	21.6	27.8	34.3
30	27.1	34.1	41.3
35	31.4	39.0	46.9
40	35.6	43.6	51.7
45	38.8	46.7	55.0
50	41.8	49.6	57.9
55	45.0	52.8	61.0
60	48.2	56.1	64.2
65	51.4	59.7	67.5
70	55.0	63.6	71.8
75	58.5	68.0	76.0

Source: Panel Study of Income Dynamics, Rank and Hirschl computations.

include losing a job, families splitting up, or medical and health emergencies, all of which have the potential to start a downward spiral into poverty. As we look across broad expanses of time, the probabilities of one or more of these events occurring increase significantly.

Rank and Hirschl's analyses also indicate that poverty is quite prevalent during both childhood and older age. Between the time of birth and age 17 years, 34 percent of American children will have spent at least one year below the poverty line, while 40 percent will have experienced poverty or near poverty (125 percent of the poverty line) (Rank and Hirschl 1999a). Similarly, 40 percent of the elderly will encounter at least one year of poverty between the ages of 60 and 90 years, while 48 percent will encounter poverty at the 125 percent level (Rank and Hirschl 1999b).

Likelihood of Welfare Use

Having established that a majority of the U.S. population will experience poverty, to what extent do Americans rely upon the social safety net in order to help them navigate through these periods of economic distress?

The conventional image of welfare use is one of social deviancy. In fact, few behaviors are as stigmatized in American society as that of welfare use.

Survey research has repeatedly documented the public's considerable animosity regarding welfare programs and its participants. At the heart of this opposition is the belief that welfare recipients are largely undeserving of such assistance. As Martin Gilens writes,

> *While no one factor can fully account for the public's opposition to welfare, the most important single component is this widespread belief that most welfare recipients would rather sit home and collect benefits than work hard themselves. In large measure Americans hate welfare because they view it as a program that rewards the undeserving poor.* (1999, 2–3)

Accentuating this belief is the pervasive image that those who rely on welfare are predominately minorities, often plagued by alcohol or drug problems, having large numbers of children, and remaining on the dole for years at a time. The visual portrait is of someone quite alien to mainstream America (Levin 2019). In short, for many Americans, welfare use is perceived as something that happens to someone else, and welfare recipients as diametrically opposed to the American experience.

Yet how accurate is this assumption? To what extent will Americans find themselves economically strapped and having to rely on government assistance in order to alleviate their needs? Or put a slightly different way, to what extent does the welfare system touch the lives of American citizens? We have seen that a majority of Americans will face the experience of poverty. Is the same pattern true of welfare use as well?

It turns out that the likelihood of using a social safety net program is also exceedingly common. In Table 2.3 we can see that 65 percent of all Americans between the ages of 20 and 65 years will at some point reside in a household that receives a means-tested welfare program (including SNAP, Medicaid, etc.). Furthermore, 40 percent of the American population will use a welfare program in five or more years (although spaced out at different points across the life course). As with the dynamics of poverty spells, the typical pattern of welfare use is that of short spells. Consequently, only 15.9 percent of Americans will reside in a household that receives a welfare program in five or more consecutive years.

One program that has a particularly wide reach is the Supplemental Nutrition Assistance Program (SNAP), better known as food stamps. Approximately half (49.2 percent) of all U.S. children between the ages of 1 and 20 years will at some point reside in a household that receives food stamps (Rank and Hirschl 2009). Childhood thus represents a time of great economic vulnerability for many of America's youngest citizens.

Implications

Poverty has often been understood by the U.S. public as something that happens to others. Yet by looking across the adult life span, we can see that poverty touches a clear majority of the population. For most Americans, it would appear that the question is not if they will encounter poverty, but

Table 2.3 The Cumulative Percent of Americans Experiencing Various Years of Welfare Receipt Across Adulthood

	Number of Years				
Age	**1 or More Years**	**2 or More Years**	**3 or More Years**	**4 or More Years**	**5 or More Years**
20	14.2	—	—	—	—
25	26.6	18.9	13.9	9.8	6.7
30	33.3	26.5	22.3	17.9	14.2
35	38.7	31.9	27.4	23.3	18.1
40	43.7	36.5	32.4	27.8	21.9
45	47.2	40.6	36.5	31.4	25.3
50	50.9	44.2	40.5	35.2	29.2
55	54.6	48.2	44.1	38.8	32.2
60	58.4	52.7	48.4	42.6	35.5
65	65.0	58.7	54.2	48.0	40.3

Source: Panel Study of Income Dynamics, Rank and Hirschl computations.

rather, when, which entails a fundamental shift in the perception and meaning of poverty. Assuming that most individuals would rather avoid this experience, it is in their self-interest to ensure that society acts to reduce poverty and that a safety net is in place to soften the blow. Such a perspective can be referred to as a risk-sharing argument and has been elaborated most notably by the philosopher John Rawls (1971).

The dynamic here is similar to the reason most of us have automobile insurance. No one plans to have a traffic accident. Yet we are willing to invest in automobile insurance because we recognize that at some point we may be involved in a serious traffic accident that could incur sizeable costs. Hence, we are willing to pay for automobile insurance now in order to minimize the risks in the future.

Rather than a traffic risk, poverty can be thought of as an economic risk that accompanies our economic system. If an individual loses a job, becomes ill, sees their family split up, or experiences countless other circumstances, they run a risk of dwindling income, resulting in eventual poverty. Just as automobile insurance is a form of protection against an unforeseen accident, the social safety net is a form of insurance against the accidents that occur around the rough edges of the free-market system.

Yet in spite of this, many Americans undoubtedly believe that encountering poverty is only a remote possibility, and therefore they fail to perceive the benefits of an antipoverty policy or of an economic safety net in terms of their own self-interest. The research findings discussed in this section directly challenge such beliefs. In doing so, they provide a vital piece for making a self-interest argument—most Americans in fact will be touched directly by poverty.

These findings have an additional implication. Much of the general public's resistance toward assisting poor people and particularly those on welfare is that they are perceived to be undeserving of such assistance (examined in Chapter 4). That is, their poverty is the result of a lack of motivation, questionable morals, and so on. In short, poor people are fundamentally culpable, and therefore, do not warrant sacrifices on our behalf.

Although the causes of poverty have not been examined in this section, the findings presented here suggest that given its widespread nature, poverty appears systematic to our economic structure. In short, we have met the enemy, and they are us.

Such a realization can cause a paradigm shift in thinking. For example, the economic collapse during the Great Depression spurred a fundamental change in the country's perceptions and policy initiatives as citizens realized the full extent and systematic nature of poverty during the 1930s. Given the enormity of the collapse, it became clear to many Americans that most of their neighbors were not directly responsible for the dire economic situation they found themselves in. This awareness helped provide much of the impetus and justification behind the New Deal.

Or take the case of unemployment as described by sociologist C. Wright Mills,

> *When, in a city of 100,000, only one man is unemployed, that is his personal trouble, and for its relief we properly look to the character of the man, his skills, and his immediate opportunities. But when in a nation of 50 million employees, 15 million men are unemployed, that is an issue, and we may not hope to find its solution within the range of opportunities open to any one individual. The very structure of opportunities has collapsed. Both the correct statement of the problem and the range of possible solutions require us to consider the economic and political institutions of the society, and not merely the personal situation and character of a scatter of individuals. (1959, 9)*

In many ways, poverty today is as widespread and systematic as in these examples. Yet we have been unable to see this because we are not looking in the right direction. By focusing on the life-span risks, the prevalent nature of American poverty is revealed. At some point during our adult lives, the bulk of Americans will face the bitter taste of poverty. Consequently, unless the general public is willing to argue that the majority of us are undeserving, the tactic of using character flaws and individual failings as a justification for doing as little as possible to address poverty loses much of its credibility.

In short, by conceptualizing and measuring impoverishment over the adult life course, one can observe a set of proportions that truly cast a new light on the subject of poverty in the United States. For the majority of

American adults, the question is not if they will experience poverty, but when. Such a reality should cause us to reevaluate seriously the very nature, scope, and meaning of poverty in the United States.

Poverty Rates Across Countries

Yet another way to think about the scope of U.S. poverty is to ask how do we compare to other countries? Is the extent of poverty similar or dissimilar to other Western industrialized countries?

It is certainly true that if we compare the United States to countries in sub-Saharan Africa, physical poverty in the United States is much less extreme. The United States does not have the widespread famine and severe stunting of children that is sometimes found in extremely poor countries. However, most analysts would argue that the more relevant comparison would be the group of other high-economy countries such as those found in the European Union, Canada, Japan, Australia, and so on. In comparing poverty in the United States to these Organisation for Economic Co-operation and Development (OECD) countries, we find that American poverty is both more prevalent and more extreme.

In Table 2.4, we can compare poverty rates across 26 OECD countries. In this table, poverty is being measured as the percent of the population falling below one half of a particular country's median household income. As discussed in Chapter 1, this is what is known as a relative measure of poverty, and is used extensively in making cross-national comparisons. The first column shows the overall poverty rate for each country; the second column displays the poverty rate for children; and the third column indicates the distance between the average income of those in poverty compared to the country's overall poverty threshold.

What we find is that the U.S. rates of poverty are substantially higher and more extreme than those found in the other 25 nations. The overall U.S. rate using this measure stands at 17.8 percent, compared to the 25 country average of 10.7 percent. The Scandinavian and Benelux countries tend to have the lowest rates of poverty. For example, the overall rate of poverty in Denmark is 5.5 percent.

Looking at the poverty rates for children, we see similar patterns. The United States leads all nations in having the highest rates of child poverty at 20.9 percent, while the overall average stands at 11.7 percent. Again, we see the Scandinavian countries having the lowest rates of child poverty, with Denmark seeing only 2.9 percent of its children falling into poverty.

Finally, the third column indicates the poverty gap, which is defined as the percentage by which the average income of the poor falls below the poverty line. This gives us an overall gauge of the depth and severity of poverty in each country. Once again we find that the United States is at the very high end in terms of this measure. The distance between the poor's average income and the poverty line is nearly 40 percent. Only Italy has a greater poverty gap than the United States.

Table 2.4 Extent of Poverty Across 26 OECD Countries

Country	Overall	Children	Poverty Gap
Iceland	5.4	5.8	27.2
Denmark	5.5	2.9	31.0
Finland	6.3	3.6	21.0
France	8.3	11.5	23.9
Netherlands	8.3	10.9	31.6
Norway	8.4	8.0	34.3
Switzerland	9.1	9.5	26.2
Sweden	9.3	9.3	22.5
Belgium	9.7	12.3	21.6
Austria	9.8	11.5	35.4
Ireland	9.8	10.8	23.3
Hungary	10.1	11.8	29.2
Poland	10.3	9.3	28.4
Germany	10.4	12.3	26.5
New Zealand	10.9	14.1	26.2
Luxembourg	11.1	13.0	28.9
United Kingdom	11.1	11.8	35.5
Australia	12.1	12.5	28.7
Canada	12.4	14.2	30.4
Portugal	12.5	15.5	29.4
Italy	13.7	17.3	40.8
Greece	14.4	17.6	35.3
Japan	15.7	13.9	33.7
Mexico	16.6	19.8	33.5
Korea	17.4	14.5	35.5
Overall 25 Country Average	10.7	11.7	29.6
United States	17.8	20.9	39.8

Source: OECD Data (2019).

To summarize, when analyzing poverty as the number of persons who fall below 50 percent of a country's median income, we find that the United States has far and away the highest overall poverty rate in this group of 26 developed nations. Furthermore, the distance of the poor from the overall median income is extreme in the United States. At the same time, the United States is arguably the wealthiest nation in the world.

This paradox is revealed in additional analyses that have examined both income and wealth inequality across OECD countries (Balestra and Tonkin 2018; Tridico 2018). Not surprisingly, the United States has the highest standards of living at the middle and upper ends of the income distribution scale, yet for children at the lower end, their standards of living fall behind most other industrialized nations. The conclusion to be drawn from these divergent patterns regarding American children is that,

> *Compared to other high-income counterpart nations, the US constantly experienced higher child poverty rates, regardless of the relative or absolute terms. Social insurance and universal programs in the US tend to be meager compared to those in high-income countries, and the overall portion that the US contributes to reducing its deep child poverty is far lower. (Cai and Smeeding 2019, 19)*

The reasons for such poverty are twofold. First, as discussed in Chapter 10, and as indicated in the above quote, the social safety net in the United States is much weaker than in virtually every other country in Table 2.4. Second, the United States has been plagued by relatively low wages at the bottom of the income distribution scale when compared to other developed countries (discussed in Chapter 6). These factors combine to contribute to both the relative and absolute depths of US poverty in comparison to other industrialized nations.

Concluding Thoughts

Introducing the elements of time and space into the discussion of the extent of American poverty expands our understanding of this question. In any given year, the U.S. poverty rate varies between 10 and 15 percent. However, when looking across longer periods of time, the percentage of the population exposed to poverty increases dramatically. Furthermore, although the length of time spent in poverty tends to be short, recidivism is quite common. Finally, when we compare the United States to other OECD countries, the United States is at the high end in terms of the extent and severity of its poverty.

The upshot of these findings is that regardless of how we measure poverty, its reach is quite wide. The fact that a majority of Americans will experience poverty indicates the extent of its range.

Furthermore, the fact that poverty varies widely across countries indicates that much can be done to reduce poverty. For example, although single parenthood results in high poverty rates in the United States (as we will see in the next chapter), in other countries this is not necessarily the case. Likewise, U.S. poverty can be dramatically reduced for particular groups over time. A case in point has been the significant reduction in senior poverty over the past 60 years that we saw in Chapter 1. Consequently, the scope of poverty can be quite fluid over time and space.

ONLINE ACTIVITIES

confrontingpoverty.org

The Organisation for Economic Co-operation and Development (OECD) is a group of 37 high-income economy countries. For our purposes, they represent the relevant group to compare the United States to in terms of poverty and inequality. The data in Table 2.4 in Chapter 2 come directly from its website, which we will now explore.

In order to do so, go to the "Facts and Myths" page of the *Confronting Poverty* website. Once there, go to Fact 4. On the sidebar is a link to OECD data, and click on that. This will take you directly to the OECD data on poverty.

As you can see in this first chart, the various countries are listed at the bottom of the chart, ranging, on the left side, from those with the lowest rates of poverty, to those, on the right side, with the highest rates of poverty. Throughout the OECD data, poverty is being measured as the percent of the population falling below one half of a country's median income. As we discussed in Chapter 1, this is what is known as a relative measure of poverty. One of the advantages of such a measure is that it allows us to compare poverty across a range of countries using a similar metric.

We can observe that the countries with the lowest rates of poverty tend to be the Scandinavian countries, while the United States is located near the highest end. Under the heading "Perspectives" below the table, you can choose to examine poverty for the total population, for children, for the working-age adult population, and for the elderly. First, uncheck the "Compare variables" box, and now choose each of the age categories separately to see how the rates of poverty vary across the countries. In general, you will see that poverty for the elderly tends to be lower than for the other groups. However, you will also see that regardless of the age group being looked at, the order of the countries largely remains the same.

Next, click on the tab "Poverty gap" under "Indicators" on the left side of the page. This will then give you a new chart and data to look at. The poverty gap is the distance between the average income of those in poverty and the poverty line or threshold. What this tells us is how severe poverty is in each country. The greater the gap, the worse off the poor are. This is expressed as a ratio, which can also be interpreted as a percentage. So for example, if the poverty gap for a country is .30, this means that the average income of the poor is 30 percent below what the poverty line is for that country.

If we begin looking at the total population, we can see on the left side of the chart those countries where the poverty gap is smallest, and on the right side are the countries where the poverty gap is widest. Once again, the United States is on the high end with respect to the depth of its poverty. Consequently, not only does the United States have a greater percentage of its population in poverty than the comparison countries, but the severity of its poverty is also quite high.

Under the "Perspectives" box, you can change which age group you would like to examine. Select "18–65-year-olds," and then "66-year-olds or more" to see how the numbers change. You can also compare all three at once by checking the box "Compare variables" and then selecting all three groups within the "Perspectives" box.

Finally, let us now examine the extent of income inequality across the OECD countries. In order to do so, click under the "Indicators" box on the left side of the page the category "Income inequality." This will take you to the income inequality page.

Here the countries are again lined up from left to right, with those having less income inequality on the left side and those with more income inequality on the right side. Under the "Definition of income inequality" box you can click on the "more" button to read about how the different inequality measures are defined. All of these measures attempt to describe with a number how narrow or wide the income distribution within a country is.

Regardless of the measure used, we can see that once again the United States tends to be on the far right hand side of this chart. Consequently, not only does the United States exhibit high rates of poverty compared to other OECD countries, but it also has high rates of income inequality as well.

There are many other social and economic indicators that can be explored on this website. Spend a few minutes examining some of these indicators. Taken as a whole, they provide a look into how OECD countries compare with respect to their overall quality of life.