

***Three Kinds of Poverty***  
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The number of persons considered poor in America is likely to expand substantially during the Clinton years. This is not because the economy is doing poorly; it is doing well and will improve dramatically in both 1993 and 1994.

The number of poor will increase in part because they are going to be left behind as our economy becomes increasingly technological and knowledge-based. Although our GNP is expanding, it is getting lighter and more knowledge-based. The rate of return for muscle power compared to brain power is declining, not only here but throughout world.

There is another problem, however, that will swell the ranks of the poor: it is that we keep changing the definition of what it is to be poor. We often look only at income and ignore assets. For example, 40% of the "poor" own their own homes, and a substantial percentage of these are homes worth more than \$100,000. We also look at income and cash payments and ignore in-kind payments.

Additional data from the Census Department points out that the poorest fifth of the population consumes twice their reported income levels. This seems to be part non-cash transfers and part underground or off-the-books employment.

But all of these instruments for detecting, measuring, and tracking poverty are fairly blunt instruments. They focus on money and ignore other kinds of poverty, like a poverty of safety, a poverty of opportunity or a poverty of dignity.

I propose that we begin to think about three kinds of poverty:

- 1) the poverty of not having enough money to provide the food, shelter and clothing necessary to sustain life;
- 2) the poverty of not having safety in your home or in your neighborhood; and
- 3) the poverty of not having the opportunity to work your way out of poverty.

I believe this third kind is the greatest kind of poverty we have in this country. It is a grinding, despairing poverty, with no dignity, because you have no offer to make that can be accepted in the marketplace. You have no way to sell your labor in exchange for the things you need.

A job is not only the best form of welfare; for many people it is the best and only form of education. It introduces you into a different set of practices that, once embodied, begin to show up as human capital.

It is this human capital that produces an identity with other people. It is this human capital that shows to other people that you are good for something. It shows that there is a market in which your offers have value. And, in a marketplace economy, people who cannot make an offer that has value cannot have dignity. They have a certain kind of practical poverty, no matter how much money they have.

The bigger challenge facing the country is not the elimination of the money poverty, but the elimination of the poverty of safety and the poverty of lack of opportunity.

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