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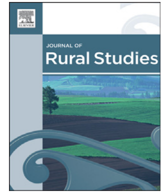

Working, but poor: The good life in rural America?

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ABSTRACT

A secure job that pays above-poverty wages is a fundamental economic underpinning of a good life, but one that is absent or precarious for many workers in the rural United States. This paper examines the link between work and poverty in rural America, drawing comparisons over time and in relation to national averages and conditions in urban areas. Using data from the 2001 to 2014 Current Population Surveys, we address three analytic objectives. First, we track changes in the share of poor householders in work, and compare the prevalence of work between the rural and urban poor. Second, we estimate trends in the share of rural and urban workers who are poor, and highlight key social and demographic differentials. Third and finally, we estimate a series of logistic regression models to assess whether and to what extent rural-urban and temporal differences can be explained by the composition of the workforce and changes therein. Results show that an increasing share of the rural poor are out of work, and that the risk of poverty among those who are employed has also increased. While some of the longstanding rural disadvantage appears to have moderated in recent years, these changes are largely due to declining conditions in urban areas. Overall, our results support pessimistic conclusions about the economic status of rural America's workforce, and the ability of rural American's to meet the basic requisites of the good life through work.

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1. Introduction

A secure job that pays a living wage is a key ingredient in most definitions of the "good life." Indeed, the economic underpinnings of the good life include financial stability and security, retirement with dignity, and upward mobility for one's children. Access to a job provides an economic platform to the good life in its myriad dimensions. Yet many American workers are apparently excluded from the good life as defined in these basic terms. A recent United States (USA) government report by the Bureau of Labor Statistics (BLS) estimated that 10.4 million individuals were among the working poor in 2011—or roughly 7% of the U.S. labor force. This study defined the working poor as individuals who spent at least 27 weeks in the labor force (working or looking for work), but whose incomes nevertheless fell below the government's family-based poverty thresholds (BLS, 2013). Other studies—based on different methodologies—have reported even higher rates of working poverty in the USA (Mishel et al., 2012; Slack, 2010; Thiede et al., 2015). Working poverty co-exists with rising income and wealth inequality, economic restructuring, and the rise of neoliberalism and market fundamentalism.

The USA is a statistical outlier among affluent countries with respect to poverty. For much of Northern and Western Europe, poverty rates are much lower than those reported in the USA (Smeeding, 2006). Working poverty, or in-work poverty, in the European Union (EU) is comparatively rare, even though official income poverty lines are usually benchmarked against a more generous threshold (i.e., 60% of the nation's median family or household income) than the official federal measure typically used in the USA (an absolute income standard). Indeed, Brady et al. (2010) reported that the working poverty rate in 2000 was exceptionally low in Belgium (2.2%) and the Scandinavian countries of Denmark (3.3%), Finland (3.1%), Norway (2.8%), and Sweden (3.4%). The rate in the United Kingdom (UK) was 6.2% (in 1999), while the rate in the USA was much higher at 14.5%.[1] This instance

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[1] Like other comparative European studies, Brady et al. (2010) define the working poor in relative terms, i.e., individuals reside in a household with income that is less than 60% of the median household income *and* at least one household member is employed. The lack of a minimum hour floor in the definition of who constitutes a worker has the effect of elevating working poverty rates; high rates of working poverty can reflect low hours rather than low wages.

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of American exceptionalism, marked by high rates of working poverty, suggests that adults in the USA face a uniquely challenging context for attaining the good life through participation in the formal labor market.

Of course, national averages often mask or obfuscate significant within-country and between-group heterogeneity. The link between work and the good life is particularly tenuous for certain groups in the USA. For example, rates of working poverty among rural workers are much higher than among urban workers and the national rate (Lichter and Jensen, 2002; Slack, 2010). Rates of poverty also vary by workers' race and ethnicity, family structure, education, and job characteristics (e.g., industry of employment, collective bargaining power) (Brady et al., 2013). As such, working poverty constitutes an important outcome of broader processes of social stratification within labor markets.

With this in mind, our overall goal in this paper is to document the extent and etiology of poverty rates among American workers between 2000 and 2013, focusing in particular on working poverty in rural areas and among workers in “at risk” demographic groups. This is an important objective. Working poverty has been a chronic condition in rural labor markets (Lichter and Jensen 2002; Lichter and Schafft, 2014). Yet labor conditions in rural and small town America, where residents often work hard but earn low wages, are often ignored in academic and policy discussions that overwhelmingly emphasize the plight of the urban poor. Renewed attention and updated analyses of rural America's working poor are needed in light of continuing industrial restructuring and rapid demographic shifts (e.g., depopulation, population aging, and new immigration) since 2000.

Our paper addresses several specific objectives. For one, we track comparative trends in working poverty over the 2000 to 2013 period, considering national rates and rates in metropolitan (urban) and nonmetropolitan (rural) areas.[2] Here, we examine the shares both of workers who are poor and of the poor who are working. Given that rural America has been at the frontline of globalization and industrial restructuring (Slack, 2014), we expect that rural workers are increasingly unable to participate in the good life over the period we examine. A working hypothesis is that rural workers and their families have been left behind in economically declining communities and regions (e.g., rural Central Appalachia or the Lower Mississippi Delta). The study period also covers the so-called Great Recession of 2007–2009, the longest and deepest downturn in the USA economy since the Great Depression of the 1930s. Our analyses describe whether and to what extent the recession was associated with new disparities or a convergence in poverty among rural and urban workers. We also estimate a series of multivariate models of working poverty. The goal here is to provide evidence about the sources of the rural-urban gap in poverty rates among workers and changes in working poverty between 2000 and 2013. These analyses also identify “at risk” rural workers who experience unusually high rates of poverty.

Together, the proposed analyses address a straightforward pair of questions. To what extent have on-going rural demographic and economic changes—immigration, changing family structure, industrial restructuring, and recession—undermined the overall quality-of-life in rural America over the past decade? What share of rural workers are “playing by rules” (i.e., staying in school, finding a job, getting married) but still are unable to escape poverty and participate in the good life? These are particularly salient questions in the aftermath of the Great Recession, as the good life in America has been threatened by high rates of poverty and growing income inequality.

2. Work and the good life

The topic of the good life is well represented in a burgeoning new literature on happiness, quality-of-life, and other related measures of subjective wellbeing (e.g., satisfaction), both in the USA and around the world (Bowling and Windsor, 2000; Chekola, 2007; Scott, 2012). Data from a sample of over 2000 respondents in the *British General Household Survey*, for example, identified the top six most commonly mentioned dimensions of happiness or the good life. Although family relationships were at the top of this list, almost one-half of all respondents mentioned finances, and roughly one-third mentioned work (quality) as key ingredients of the good life. Among those who rated finance as the most important life dimension, only 21% of those with low incomes (less than £6000 per annum) indicated that life was “as good as it can be.” Additionally, the OECD has developed a Better Life Index (BLI) for all 34 member-countries (Mizobuchi, 2013). The BLI includes 11 distinct indicators of which one was jobs, which incorporates separate components of employment, personal earnings, job security, and long-term unemployment. Many other comparative cross-cultural studies include employment, careers, income and wealth, and financial security as key requirements of the good life (Tafarodi et al., 2012).

Arguably, these studies place priority on working poverty as an indicator of overall wellbeing—or more precisely a lack thereof. This also is the case in the USA (Easterlin, 2001, 2005; Plagnol and Easterlin, 2008). For example, a Roper Survey asked respondents whether “a job that pays much more than average” should be considered “part of the good life.” In the late 1990s, 62% of Americans considered this a part of the good life, up from 45% in 1975 (Crispell, 1999). To be sure, work—even at low wages—may provide important intrinsic and non-monetary rewards (e.g., belonging, fulfillment, skills) (Newman, 1999). Yet low-paying jobs that fall short of aspirations, that place workers below their reference group in the status hierarchy or income distribution, or that reflect downward mobility from the past, are likely to negatively affect subjective wellbeing.

Clearly, work is an important dimension of one's personal identity and overall wellbeing. It also is a source of financial security. This is why, in the context of declining wages and growing income inequality over the past decade, working poverty has become an especially important topic of empirical study. Our motivating assumption is that subjective assessments of wellbeing reflect, in part, objective working conditions (i.e., working, but poor). Shifts in labor market conditions, including the putative upswing in working poverty, suggest that the good life in America, and especially rural America, is under siege.

3. Working poor in rural America

Historically, workers have made up a large and distinctive component of the poor population in rural America (Tickamyer and Duncan, 1990). Nearly 30 years ago—in 1987–55% of poor householders (i.e., family heads, family reference persons) in rural areas were employed, and nearly one-third of these persons worked full-time, year-round. This compared with only 44% among poor workers living in urban areas (Deavers and Hoppe, 1992). Since then, evidence suggests that urban-rural disparities in working poverty have narrowed as low wage work has become a more prominent structural feature in urban labor markets. Rates of working poverty nevertheless have remained consistently higher in rural areas (Slack, 2010).

[2] In the USA, official definitions differ between rural and nonmetropolitan, and urban and metropolitan. We use these terms interchangeably in this paper for the sake of parsimony and style.

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