VIEWPOINT

Triad Business Journal welcomes letters to the editor

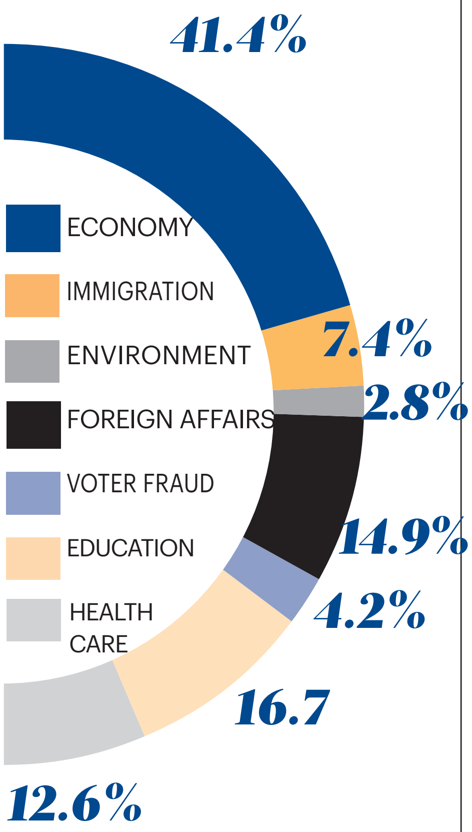
Send letters to Triad Business Journal
100 S. Elm St. Suite 400, Greensboro, NC 27401
msutter@bizjournals.com

▸ BUSINESS PULSE SURVEY

WE ASKED

WHAT IS YOUR NO. 1 ISSUE GOING INTO THE 2014 ELECTION SEASON?

BASED ON 215 TOTAL RESPONSES



THIS WEEK'S QUESTION

DO YOU APPROVE OF U.S. AIRSTRIKES ON ISIS TARGETS WITHIN SYRIA?

POINT OF VIEW

Trickle up economics? Tackling issues in latest poverty statistics

Last month the Brookings Institution issued a report that identified the metropolitan areas with the greatest increases in their poor populations. The study compared data from the 2000 Census to the American Community Survey in 2008-12. Therefore, the recent numbers were multiyear averages from a period that spanned a recession and a weak recovery. So it's not entirely an apples-to-apples comparison.

Four North Carolina metro areas were in the "top" 15. Charlotte was third with a 97 percent increase in the number of people in poverty. Raleigh-Cary was fourth, also with 97 percent. Winston-Salem was 11th with 82 percent. Greensboro-High Point came in 15th with 77 percent.

The appearance of Charlotte and Raleigh-Cary on this disturbing list was a surprise, as those areas have long been powerful engines of growth. But a quick demographic check shows that while poverty grew faster than total population in those two metro areas, it was nothing like Winston-Salem and Greensboro-High Point, where poverty grew sharply in spite of weak overall population growth.

In other words, in spite of their lower rankings in this study, Winston-Salem and Greensboro-High Point have the more serious poverty problem.

How is poverty defined? In the 1960s, the federal government calculated the first poverty thresholds for various family sizes. For each one, the threshold was defined as the cost of a minimally sufficient food budget, multiplied by three to capture all other household expenses. That's right, the threshold did not factor in actual costs of clothing, transportation or shelter. With food accounting for a third of the typical household budget at the time, multiplying by three was, as the saying goes, "good enough for government work."

Andrew Brod is a senior research fellow in UNCG's Center for Business and Economic Research and a member of The Business Journal's Editorial Board of Contributors. Reach him at 336-707-6439 or AndrewBrod@uncg.edu.

In the half-century since then, there have been no adjustments. Each year, the poverty thresholds are adjusted for inflation, but that's it. Various researchers have proposed alternative measures, but by far and away, the most frequently used poverty statistics are based on that 50-year-old definition.

Anyone with an income below the relevant poverty threshold is deemed poor, and the poverty rate is the percentage of the population below the threshold. For 2013, the threshold for a family of four was $23,834.

The Brookings report found not only increases in poverty, but increases in the concentration of poverty. In the four North Carolina metro areas, the number of poor people living in high-poverty neighborhoods is more than triple the number in 2000. The report also found that poverty is moving out of its traditional urban setting to suburban areas.

What can be done? Raising the minimum wage might be a good idea, but it won't do much to reduce poverty. The poverty rate for people who work at least part-time is pretty low.

How about improving education? In the long run it's clearly a solution. But in the short run, the causality runs in the opposite direction, with high rates of poverty leading to poor educational outcomes. If we want a better skilled work force, we need to make sure all children have food in their bellies when they go to school.

Whatever the solution, the benefits of reducing poverty go beyond altruism. For years we've heard about trickle-down economics, which sounds great but simply hasn't worked. But given that the economy is still beset by insufficient consumer spending, and knowing that poor people spend nearly all the income they receive, increasing their incomes and hence their spending would do a lot to improve economic vitality. Call it trickle-up economics.

▸ GAINERS & LOSERS

THINKSTOCK.COM

MOUNT AIRY

Mayberry Days festival celebrates 25th year this weekend. Andy and Barney would be proud.

THINKSTOCK.COM

THE NFL'S IMAGE

With so much negative news coming out of the NFL, our sister publication, the Dayton Business Journal, added up the number of player arrests for the last decade. The Denver Broncos and Minnesota Vikings have had the most: 32 arrests each. The Carolina Panthers are 28th out of 32 teams, with nine.

THINKSTOCK.COM

"VAPING"

If you haven't heard it already, get ready. It's the emerging term of choice for using an electronic cigarette

qorvo™

COURTESY ART

QORVO HQ

While introducing their post-merger name last week, RF Micro and TriQuint reiterated that both Greensboro and Hillsboro, Ore., would serve as co-headquarters for an extended period.