

JOINT
Urban Studies
CENTER



POVERTY
AND
URBANIZATION

JOINT URBAN STUDIES CENTER
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JOINT **UrbanStudies** CENTER

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The Joint Urban Studies Center

The Joint Urban Studies Center was established to provide essential research, analysis, and consultation to small and mid-size cities aiming for full participation in the new economy of the 21st century. The Center mobilizes the resources of regional institutions of higher education to engage communities in planning that is informed by research, energized by broad participation from stakeholders in the community, and validated by successful implementation. As the managing partner in the Center, Wilkes University is joined by King's College, College Misericordia, Luzerne County Community College, Penn State Wilkes-Barre, and the University of Scranton.

Note

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Introduction

Poverty and urbanization are two economic patterns that have continuing trends some individuals may find disturbing. Poverty is the state of being without — often associated with need, hardship, and lack of resources across a wide variety of circumstances. Urbanization is the expansion of a city in a metropolitan area, namely the proportion of total population or area in urban localities or areas.¹ In this paper, we address the connection between the two and if urbanization directly affects poverty. We also discuss the nexus, if there is one, between poverty and urbanization in Pennsylvania's Lackawanna and Luzerne counties.

Poverty

For some, poverty is a subjective and comparative term; for others, it is moral and evaluative; and for others, it is scientifically established.² There are different definitions of poverty for different situations. In economics, conventional discourse focuses on two types of poverty: absolute and relative. Absolute poverty refers to a set standard which is consistent over time and between countries. Relative poverty views poverty as socially defined and dependent on social context.³ Poverty is measured either by indices of consumption or of income. In law, there has been a movement that seeks to establish universal "human rights" which aim to eliminate poverty. In education, poverty affects a student's ability to effectively profit from his/her learning environment. Especially for younger students coming from poverty, their primary needs (as described in Abraham Maslow's hierarchy of needs: the need for safe and stable homes, clothes on their backs, and regular meals) cloud their ability to learn.⁴

Causes of Poverty

Poverty has been linked but not limited to the following:

- Individual causes, poverty resulting from the behavior of people and their actions;
- Family causes, attributing poverty to upbringing;
- Sub-cultural causes, connecting poverty to patterns of life shared within a community;
- Agency causes, which see poverty resulting from the actions of others, including war, government, and economy;
- Structural causes, implying that poverty is the result of the existing social structure.⁵

These listed causes are very general; however, they present a broad idea of where to sub-list other factors that may induce poverty.

Eliminating Poverty

There are enormous amounts of information to describe poverty and what causes it. The big question is: how do we alleviate the existing problems? This question may not be an easy one and probably does not have a definitive answer. There are, however, ideologies and philosophies on how to help reduce poverty. These ideologies and philosophies have been part of the approach of European societies since the Middle Ages. For example, the relief of poverty was recognized as a legal charitable purpose by the Statute of Elizabeth in 1601. There have also been measures taken to change the situation of poor people on an individual basis; these include punishment, education, social work, employment, and workfare.⁶ There is also the idea of economic development. Urbanization would fit in this class. The idea of economic development says that it will uplift the depressed area and people and eventually bring them out of the rubble. This is a grand idea, but it could build right on top of the depressed and sink them even further. This idea can be considered hit or miss but some individuals are willing to take that chance.

Urbanization

The rate of urbanization throughout time is distinct from the rate of urban growth, which is the rate at which the urban population or area increases in a given period relative to its own size at the start of that period. In terms of a geographical place, urbanization means increased spatial scale and/or density of settlement and/or business and other activities in the area during a specific period of time. This change could happen because of expansion of population and/or movement of the population from one place to another.⁷ In any case, urbanization has lasting effects on a region and its economy. Urban sociologists believe that a person's psychology and lifestyle change in an urban environment.

General Effects of Urbanization

The most striking immediate change accompanying urbanization is the quick change in the prevailing character of local livelihoods. Agriculture and more traditional local services and small-scale industry will give way to modern industry and urban and related commerce. This change forces the city to draw on the resources of an ever-widening area for its own sustenance and goods to be traded or processed into manufactured items.

As cities begin to form, the effects can include a dramatic increase in rent which often prices the local working class out of the market, including functionaries as employees of the local municipalities.⁸ Supermarkets and schools sometimes relocate or close down, as a result of the financial pressure. Dramatic increases in land values also encourage further development, and may bring increased tax revenue for local government.

In the field of urban sociology, the effect of urbanization on mentality and lifestyle has been a subject of research and debate. A general consensus hardly exists, though the differing views are closely related to one another. George Simmel, a pioneer in German sociology and urban sociology, suggests that the increased concentration and diversity of people and ongoing activities in cities put urbanites under stress.⁹ This theory is considered the major cause of the urban mentality: detachment from others, self-centeredness, and a rational, calculating mind.

Urbanization is more of a general term and has different branches underneath it. Discussing the idea of gentrification will help explain urbanization and its direct or indirect effect on poverty.

Gentrification and Poverty

Gentrification refers to the physical, social, economic, and cultural phenomenon whereby working-class or inner-city neighborhoods are converted into more affluent communities, resulting in increased property values and the outflow of poorer residents.¹⁰ Gentrification is a process that has obvious class connotations and is an extremely visible process that plays a key role in the physical and social form of modern cities. Gentrification coincides with change; as the community's buildings undergo renovation and beautification, rents rise resulting in a displacement of older residents who are replaced by more affluent ones.¹¹ Gentrification can be a politically combative issue. Gentrification highlights the instability of renting, whereby people might be forced to move away from newly-desirable areas because the rent is too high. Usually this conflict is limited to the local level; many who live outside urban areas may not be aware of it. In response to gentrification pressure, cities with more renters than owners often pass rent-control ordinances. However, in many cities rent control ordinances have failed to affect gentrification.

In cities such as New York, groups of "pioneers" moved to areas including Williamsburg (Brooklyn) and Hoboken, NJ, which were once inner-city neighborhoods, because Manhattan became too expensive to live in.¹²

These areas became desirable to yuppies and other “hipsters” because many saw them to have a Bohemian atmosphere, thus beginning gentrification and increasing property values and rents. This issue often forced the original residents to move out to adjacent areas (such as Bedford-Stuyvesant in Brooklyn or Jersey City, NJ), where the process could start again. It should be recognized that these pioneers are predominantly white artists, musicians, and Bohemians. These individuals play a very significant role in the gentrification process because they move into areas populated by lower income non-“hipsters”, people of color, and immigrants. Eventually these “non-hipsters” are pushed out, and this, in turn, attracts more yuppies.¹³

It is clear to see how gentrification can beautify a once downtrodden neighborhood with new buildings and other amenities. The problem is that the natives of the area cannot afford to live there once the property value of their buildings skyrocket. That is not the only problem. New and trendier restaurants and stores move in, which enhance the value of the area even more. This trend makes it almost impossible for people who lived in the original area to stay in this new and somewhat affluent section. People in favor of gentrification say that it cleans up neighborhoods and gets rid of poverty and that is true. The difficulty is that it does not get rid of the poverty: it just displaces it. The cycle just continues and the people move elsewhere.

Correlation

From this information, it can be suggested that urbanization of any kind has some type of an effect on the appearance of poverty. It may not be the entire cause of the problem, but it cannot be denied that urbanization does affect poverty in some aspect. Some may believe that any type of urbanization is good for poverty and statistics show that it can alleviate poverty. The question is: at what cost does it mitigate poverty? Hoboken, NJ is a prime example of how gentrification (type of urbanization) works. A destitute neighborhood is uplifted out of depression and is beautified. There is no denying the fact that poverty was lessened, but it was not eradicated. Sure, the poverty in Hoboken was gone, but it simply moved to another spot. That is ultimately the problem with any kind of urbanization; it does have good intentions and does work well. However, it only puts a Band-Aid on a problem that needs extensive surgery. What happens to the people living in a gentrified area? They can't afford to live in the new stylized area. So they just pack up their belongings and start over.

The information is there and the results are inarguable. Urbanization can precipitate abject poverty. There are other factors, but urbanization lends a hand in keeping a vicious cycle moving, and at the current rate of expansion, the cycle will likely continue.

Northeastern Pennsylvania

Now we are going to address two counties in Northeastern Pennsylvania. Lackawanna and Luzerne are the two largest counties in the area. We will focus on them regarding poverty and urbanization. The language becomes a bit different when you talk about cities and counties. Poverty is not defined by the conditions you live in, but it is addressed in terms of money and income. Household income and per capita income are used to determine if people fall below the poverty line. Household income is the sum of money received by members of a household 15 years and older. Any money reported to the IRS will be taken into consideration. Per capita income is the mean income computed for every person 15 years and older in a geographic area. It is computed by dividing the total income of all people in that area by the total population in that specific area. In the United States, families and persons are classified as below poverty if their total family income or unrelated individual income is less than the poverty threshold specified for the applicable family size.¹⁴ These figures can be misleading. Just because a family or individual is below the government idea of a poverty line does not necessarily mean that they are living in the street and in destitute conditions, although it could be true. It may mean that the family or individual is just below the average and may have to be thrifty, prioritize spending, or even choose between basic necessities.

Lackawanna and Luzerne counties are difficult examples to analyze. On the surface, these two counties appear to be thriving thanks to significant amount of activity. Both counties have nationally recognized colleges and universities. They also have malls and tourist attractions. Lackawanna County boasts the Steamtown National Historic Site, the Lackawanna Cole Mine Tour, and is also home to the Scranton/Wilkes-Barre Red Barons — a minor league affiliate of the Philadelphia Phillies. A Hilton hotel was erected in downtown Scranton within the last two years and Route 6 near the Dickson City Viewmont Mall has many popular national restaurants and stores. Wilkes-Barre is home to Wachovia Arena, the Kirby Center, and the Wilkes-Barre/Scranton Penguins — a minor league club of the Pittsburgh Penguins. These are just a few of the amenities associated with these two counties. A state-of-the-art movie theatre is being built in the downtown area and the area surrounding the Wachovia Arena is similar to the aforementioned Viewmont Mall section. There are other numerous restaurants, pubs, and chain hotels in Northeastern Pennsylvania.

It seems that these two areas are on the rise and are preparing for additional urbanization to take place. Taking a look at statistics will help decide if the urbanization in Lackawanna and Luzerne counties affects poverty.

Statistical Analysis

Before discussing information regarding the two counties, let's a look at national and statewide statistics. The information we are going to focus on is the economic characteristics that the Census Bureau uses to determine poverty. The important statistics are median household income, per capita income, and families and individuals below the poverty line.

Lackawanna & Luzerne County Poverty Levels

Economic Characteristics	Lackawanna County		U.S Average	Luzerne County	
	Number	Percent		Number	Percent
Median Household Income	\$34,438	N.A.	\$41,994	\$33,771	N.A.
Per Capita Income	\$18,710	N.A.	\$21,587	\$18,228	N.A.
Families Below Poverty Level	3,932	7%	9.2%	6287	8.1%
Individuals Below Poverty Level	21,802	10.6%	12.4%	34,136	11.1%

Source: Census 2000

Another statistic worth noting is that the number of working poor who are uninsured in Luzerne County as a whole. The number is slightly greater than 8% of the population.

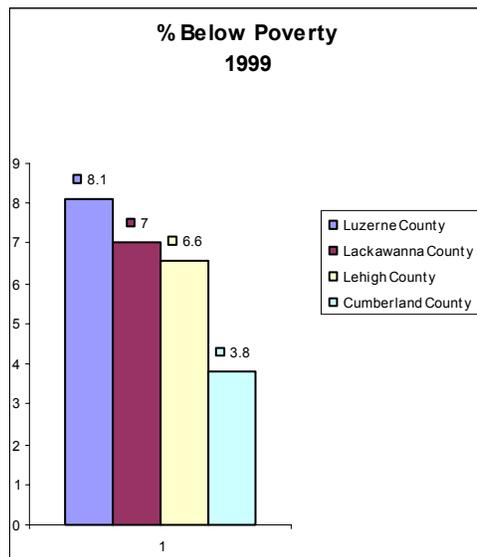
The information shows that both counties may lack in comparison to the national household income, but they are below the national poverty line. In general, these statistics are accurate, but they can be misleading. All of this information is relative. There are other factors that are taken into place, including location, industry, population, job security, etc. The information is a good tool, but readers must be aware of the other facts that can play a part in the statistics.

Regional Summary

Deciding if Lackawanna and Luzerne county's' urbanization affected poverty was more difficult than the theory discussed earlier. This issue is more local, so it was tougher to decide because of the small sample. Poverty in

Poverty Comparisons

	All Income Levels	Families Below Poverty Level	% Below Poverty	All Income Levels	Individuals Below Poverty Level	% Below Poverty
Luzerne County	84,729	6,827	8.10%	307,988	34,136	11.1%
Lackawanna County	56,012	3,932	7.00%	206,568	21,802	10.6%
Lehigh County	82,341	5,458	6.60%	302,745	28,095	9.3%
Cumberland County	56,265	2,138	3.80%	199,423	13,102	6.6%
Pennsylvania	3,225,707	250,296	7.80%	11,879,950	1,304,117	11.0%



Source: Census 2000

Lackawanna and Luzerne counties is the result of low-no job growth, low wages, and low higher education attainment. The loss of economic opportunity during the past 50 years has severely impacted the residents and our region's growth potential and innovation. However, of late, there has been a significant amount of development occurring, as well as new restaurants, hotels, and outside influences within the two areas. Both counties have maintained a similar poverty indicator. Both areas have stayed generally middle class and the same types of hard-

working people live here. That is why it can be said that the urbanization efforts have not influenced poverty around this area.

Although the counties have stayed above the poverty line, any person who has lived or visited this area would think it stays below the poverty line. Roads are not paved, buildings are run-down, and some unsavory people walk the streets. Statistics do not show these things. There may be other factors that cause these problems, such as leadership and money.

City of Wilkes Barre Poverty Level

Households, 2000	17,961
Persons per household, 2000	2.20
Median household income, 1999	\$26,711
Per capita money income, 1999	\$15,050
Persons below poverty, percent, 1999	17.8%

The city of Wilkes-Barre has more than 14,000 working in it daily, has a captive audience of 4,000-plus students, and it is the largest downtown working population in northeastern Pennsylvania.

Neglect on a number of levels has caused problems in our area. The inability to create new industries, new niches, or even a variety of industries after the demise of the coal and garment industries has helped to keep this area in poverty. The limited number of residents moving onto higher education, for whatever reason, is another reason. The lack of reinvestment the area, until most recently, is yet another reason.

The most recent series of catalytic development activity is demonstrating a new era—a new image which is attractive to outside development. JUSC projects growth for this region in the next 15 years. Based on the trends and the type of growth, poverty in this area will not only continue, but increase in intensity and perhaps be slowly displaced to other areas within our boundaries.

Conclusion

Poverty is a universal epidemic that is not under control and does not look like it will ever be. Families are starving and people are dying because they live in the worst possible conditions. Urbanization is not the cause for poverty in third world countries, but in our country it could and does incite it. Urbanization is good in most instances but not when it inhibits people to live in a half-decent manner. More attention should be paid to this problem and hopefully sometime in the future something can be done to deter it.

We cannot, however, undermine the importance of urbanization and the key role that cities play in it. Cities, regardless of size, play a key role in their regions. Most assets from a region are housed within the cities: higher education, hospitals, transportations centers, social, and core services. The strength of a region (suburbia included) is measured by the strength of the urban core. Cities and their suburbs are intertwined and economically interdependent. They move in tandem.

Endnotes

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