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Poverty in American Eyes

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INTRODUCTION

For some thirty years now poverty has been a central and self-conscious concern in American politics. The War on Poverty, officially launched in 1964 by President Johnson, spawned a large research establishment and literature. For much of this time, poverty warriors proceeded as if the War on Poverty was a new enterprise in American society, a project designed to eradicate the vestiges of poverty left after rapid economic growth in the post-World War II period. More recently several excellent historical studies of the way American society has dealt with economic marginality and disadvantages have emphasized the continuity with previous social welfare politics and policy of issues and strategies in the War on Poverty (Katz, 1986, 1989; Patterson 1981).

As Michael Katz (1989) argues, the concern with poverty in the United States, as is also the case historically in Great Britain and its Anglo-Saxon Commonwealth nations, has been deeply preoccupied with the distinction between the undeserving and the deserving poor. In the United States the struggle to define the poor in these terms has centered particularly on the welfare programs (principally Aid to Families with Dependent Children). America's various wars on poverty, unlike those of some continental European countries, has been particularly preoccupied with the situation of the very worst off in society, with the situation of the lower class rather than that of the working class more broadly (Korpi, 1980). This has reinforced an emphasis on means-tested mechanisms for meeting income needs rather than on social security institutions, and a focus on those "unable or unwilling to work," rather than on economic problems of unemployment.

In the sections which follow I review the rationale for a social as opposed to an economic conception of poverty, and explore the implications of such a view for defining a poverty line and for taking into account differences in family size and age of head when assessing the size of the poverty group. Then I present data from three different sources to describe (a) changes in U.S. poverty rates from 1949 to 1989, (b) U.S. poverty rates in cross-national perspective, and (c) variations in persistent poverty rates for different race and sex of head groups in the decades of the 1970s and 1980s. An appendix compares the official consumption-based poverty rates with social poverty rates during this latter period.

ECONOMIC AND SOCIAL CONCEPTIONS OF POVERTY

Two perspectives contend in American characterizations of poverty. One emphasizes economic status; that is, people's command over goods and services (Ruggles, 1990). The other broadens into concerns with people's socio-economic situation more generally. This latter, more sociological, perspective has been recently reintroduced to poverty discussion by William J. Wilson's book, The Truly Disadvantaged, which argues that there is a growing underclass in American cities (1987). The concern with an underclass, like earlier concerns with slum communities, juvenile delinquency, multi-problem families, raises issues far beyond the question of command over goods and services.

These more sociological concerns dominated the initial elite interest in poverty which prepared the groundwork for the launching of the War on Poverty. Michael Harrington's The Other America: Poverty in the United States, first published in 1962, is generally credited with putting poverty on the agenda of the Democratic administration of John F. Kennedy. Harrington combined his own experience as a writer about the American working class with much sociological research during the 1950s on the inner city, on juvenile delinquency, on slums. For Harrington there was "a language of the poor, a psychology of the poor, a world view of the poor. To be impoverished is to be an internal alien, to grow up in a culture that is radically different from the one that dominates society ... [The poor] need an American Dickens to record the smell and texture and quality of their lives. The cycles and trends, the massive forces, must be seen as affecting persons who talk and think differently." (p. 18)

As the War on Poverty progressed, the definition of both the nature of poverty and the goals of the War narrowed from this broad socio-economic perspective to one that centered on command over goods and services. To some extent this narrowing is inevitable when one seeks to count the poor, but one perennial source of debate about poverty focuses on the social versus the economic view of poverty, and the related issue of whether a definition of poverty should be absolute or relative.

When planning for a War on Poverty began, government statisticians required a standard by which to count the poor. The official poverty line, often called the Orshansky Index, grew out of this need. At its core was a definition of the minimum food budget a family requires. Given a minimum food budget, a minimum income that would provide this food budget and, by assumption, other minimum necessary goods and services, was defined.[1]

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[1]This history is recounted by Katz, 1989, and Ruggles, 1990.

The official poverty line has played perhaps a somewhat more central role in policy analysis than in true in other countries. Most countries, however, count low income groups by using an implicit poverty line. A few countries, for example Sweden or Canada, define a minimum income standard, the existence minimum, and link various social benefits to that line. Researchers may count the poor by counting those below the level of the existence minimum. In other countries, for example, the United Kingdom or Germany, count the poor by using the minimum income standards implicit in social assistance benefit levels. The device of an official poverty line was necessary in the United States because social assistance benefits are not uniform over the whole country, and the state-by-state variations in their levels are clearly related more to political concerns than differences in cost of living.

Although the official line is called an absolute poverty line, in fact no one involved argues that it has held and will hold for all time. It is obvious that the U.S. poverty line would be a line of affluence in other parts of the world. It is understood that there is an historic component to the definition of a minimum standard of living, but even so, the argument is made that in some sense, for the time being, it is possible to establish an absolute standard. That is, that it is not necessary to adjust the poverty line regularly for increases (or decreases) in average incomes.

The portrait of poverty in the United States since the beginning of the War on Poverty is almost exclusively based on the official poverty line, which as we have seen is based on the false premise of an absolute minimum adequate standard of living. In a recent work, Patricia Ruggles explores in great detail how much difference the various wrong choices for updating the poverty line since its initial definition for 1963 have made. A decision was made that the poverty line should be updated each year by the increase in the Consumer Price Index. The CPI has overstated price increases because of its treatment of housing costs. The revised methodology reduces the rate of inflation in the period of the 1970s-early 1980s. On the other hand, the multiplier used in the earlier period to increase food costs to a total budget no longer characterizes spending habits. If Orshansky's methodology were followed today, Ruggles shows that in 1987 the poverty line for a four-person household would be $19,482, instead of $11,611, and the poverty rate would be almost double--25.9% instead of 13.5%. Other reasonable adjustments--increase the poverty line is proportion to increases in median family income rather than cost, choose a poverty line at one-half of median income, establish

a minimum housing rather than a minimum food standard as the basis for an absolute line--would all produce higher poverty lines than the official one.[2]

A debate on the merits of an absolute versus a relative poverty definition has obscured a more important underlying difference between an economic and a social definition of poverty. The more experience countries have with absolute poverty definitions, the more obvious is the absurdity of their rationale. Thus we find efforts to revise poverty lines in such a way that this underlying absurdity is avoided. The effort requires adjusting poverty lines in one way or another for changes in living standards. (See the excellent discussion of alternative approaches in Ruggles, 1990.)

An economic measure of poverty determines an income sufficient to provide a minimum level of consumption of goods and services. Implicitly, the output of consumption is a given level of utility or satisfaction. One does not try to measure utility or satisfaction directly since
this may involve subjective elements which are not relevant to the public policy issues involved.

POVERTY AS A SOCIAL CONSTRUCT

A sociological measure of poverty is concerned not with consumption but with social participation. The problem of poverty in relatively affluent societies is not seen as a problem of low consumption *per se*. The focus is instead on the consequence of the inability to consume at more than an extremely modest level. Without a requisite level of goods and services, the consequence, it is argued, is that individuals cannot participate as full members of their society. It is participation in social activities which confers utility. While such a view is mainly identified with sociological (and anthropological) traditions, a few economists have focused on consumption as intermediate, that is, as an input into social activities which in turn confer utility (Duesenberry, 1967; Lancaster, 1971).[3]

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[2]American datasets generally allow one to define families within households should they exist. A family is defined as persons living together related by blood or marriage. Except in a few cases where the distinction is not possible between household and family, the data reported here are based on the family rather than household unit. The practical effect of the distinction, however, is very small since there are few multifamily households.

[3] The rather pointless debate between Amartya Sen and Peter Townsend revolves around exactly these issues. Both seem committed to the sociological viewpoint, but Sen prefers not to acknowledge its full implications. (Sen, 1984; Townsend, 1984)

This perspective on poverty was argued by a number of poverty researchers in the 1960s, but the economics perspective dominated subsequent work (Rainwater, 1965, 1966, 1969; Miller and Roby, 1970; Rein, 1970).

It has long been recognized (reference is usually made to Adam Smith or Marx) that poverty is relative to the mainstream standard of living of a nation. The social theoretical base for such a notion was quite well-developed by social scientists in the 1940s and 1950s -- particularly by sociologists like Talcott Parsons and David Riesman and a few economists such as James Duesenberry. The latter argued that after some quite minimum income is reached the impulses "to increase expenditure for one individual depend on the ratio of his expenditures to the expenditures of those with whom he associates" (Duesenberry, 1967, p. 19).

To make this argument implies that poverty is essentially a matter of social standing or social class. Poverty in this view is a persistent shortfall of resources which results in a person's not being able to act out mainstream social roles. It leaves aside the issue of transitory poverty which could conceivably strike people of any social class. (Although we would expect the working class to be most vulnerable to episodes of transitory poverty.)

Sociologists have argued that social behavior is oriented to conceptions people have of the "standard package" of goods and services that obtains in a society at a given time (Riesman and Rosebourough, 1960). The standard package is the pattern of consumption characteristic of average members of the society -- in social class terms, the stable working class and the lower middle class.

From this perspective a social minimum is defined as "a certain minimum of possessions in order for the family to meet cultural definitions (as opposed to the mere legal definitions) of a family" (Parsons and Smelser, 1956, p.9). Thus, if a family's income is insufficient to supply the required minimum we may well call them poor.

Nothing in this conception of poverty implies that the definition of poverty is merely subjective, or even that poverty is defined consensually. Rather the argument is that objectively people cannot carry out the roles, participate in the activities, maintain the social relations, that are definitive of mainstream members of society if their resources (over some period of time) fall short of a "certain minimum" (cf. Townsend, 1979). In such a situation inadequacy of resources precipitates a lower class style of life that is reactive to the inability to live the life identified with the standard package (Davis, 1946; Rainwater, 1974; Coleman, Rainwater and McClelland, 1978).

But this objective reality is no secret from the members of the society. They are part and parcel of its workings. Thus they respond to others in terms of their perceived social standing and reinforce definitions of each other as poor or prosperous, average or just getting along, etc. When people are asked to describe poverty their statements fit well with the perspective outlined above. Survey respondents can give lively descriptions of different living levels -- comfortable, just average, getting along, having a hard time, poor. And they see these types of socio-economic situations as having the largest role in defining a person's social standing. Contrary to the view of many sociologists, income rather than occupation or education dominates the factors Americans consider in determining their own and others social standing. Income accounts for two-thirds of the variance in social standing placements, compared to about one-sixth each for education and occupation (Coleman et al., 1978). In a summary of what survey nonpoor respondents said about living in poverty I observed:

> Poverty, people tell us, is not just not having things. It is also a social and psychological condition in which there are specific effects on how people feel about themselves (depressed, angry, miserable) and on how they behave (family problems, neighborhood conflict, crime). The difference between getting along and being poor is the difference between hard-pressed optimism and pessimism, between a good chance for things to get better and nothing ever changing. The person living in poverty is not the Middle American; he has passed over an invisible border (Rainwater, 1974, p. 135).

People who are not poor shy away from confronting poverty because they find the experience painful. More important, people who are poor try not to admit it to themselves exactly because the admission of "failure" adds to the misery they feel from their objective situation. Thus in interviews poor people, lower class people, are often able to characterize the situation of others like themselves in lively detail, but they often seek to distance themselves personally from that common plight (Coleman et al., 1978).

This definition of poverty as a social phenomenon has been very well expressed by Peter Townsend in his classic study of poverty in the United Kingdom:

> Poverty can be defined objectively and applied consistently only in terms of the concept of relative deprivation... The term is understood objectively rather than subjectively. Individuals, families, and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and the amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities (Townsend, 1979).

The argument that relative poverty is objective is central. Otherwise this approach to poverty can be seen as simply a question of "how people feel" and therefore somehow not real--at least to those who do not accept sociology's central tenet about social facts.

Such a definition of poverty is consistent with a large number of studies of low-income communities which find in one way or another that inability to participate in mainstream activities generates various kinds of social deprivations and disadvantages for those communities. These studies span more than half a century of the American sociological enterprise--from Allison Davis' Chicago studies of white and black slum cultures in the 1930s and 1940s (Davis, 1946; Davis, 1962) to Elijah Anderson's Streetwise (1990), a study of a black lower-class area in Philadelphia.

Establishing A Social Poverty Line.

Three issues emerge from the critical re-examination of the official poverty standard which has been going on for the past few years:

1. What is the appropriate level of the poverty line relative to the rest of the income distribution?
2. What is the income elasticity of the poverty line--that is, how does the poverty line change as aggregate income in the society changes?
3. What is the appropriate equivalence scale for adjusting families' incomes in terms of their composition?

The first of these issues, that is, establishing a poverty line at any given time, has proved extremely difficult for researchers who adhere to a relative approach. Peter Townsend has argued for a procedure which seeks to define a point in the distribution of income at which decreases are accompanied by very sharp increases in deprivation. Defined in terms of difficulty in participating in mainstream social activities. This is comparable to approaches used by economists seeking to find so-called inflection points in the income elasticity of consumption of particular goods. The difficulty is that it is almost impossible to find consistent inflection points, or as they are sometimes called, "wolf points" (Watts, 1980).

The second issue concerns the income elasticity of the poverty line as aggregate incomes change over time. The absolute poverty line assumes an income elasticity of zero. The relative poverty line assumes an income elasticity of one. One needs evidence to decide where the income elasticity lies.

The third issue has to do with how to adjust income for "need", that is, for the requirements of different family sizes. The equivalence scale used for the official poverty line is similar to scales used in a number of countries (Buhmann et al., 1989), but there is no established methodology for determining equivalence scales and an examination of the scales used in different countries and at different times shows a very wide variation in the extent to which they imply economies of scale as family size increases (Whiteford, 1985).

A valid poverty measure would need to provide empirical evidence on the above three points: level, income elasticity, and equivalence. To some extent the first two issues can be avoided by not attempting to define a poverty line at all, but rather studying income inequality. Even for inequality studies, however, equivalence issues are crucial, although often avoided (Coulter, Cowell, and Jenkins, 1991). But studying income inequality by using categories such as quintiles tends not to engage the crucial policy issues toward which poverty research is directed. One way or another, one needs to be able to define levels of low income. If one accepts the sociological definition of poverty, these levels should be in some way relevant to difficulties in social participation as a member of the society.

In the balance of this paper I propose one way of establishing empirically the three parameters discussed above, and then use that definition of poverty to describe the distribution of poverty in the United States in the period from 1967 to 1986. To provide an empirical grounding, I will use the results of public opinion surveys in the United States which ask people's judgments about the amount of money that is necessary to "get along" in their communities, and the amount of money that represents the beginning of poverty. Using survey responses does not deny the objectivity of poverty. Poverty as a social phenomenon must involve both the definitions of those who have low economic resources and those who do not. Together they establish what is and is not necessary to participate in society. It is the non-poor who are the custodians of "ordinary living patterns, customs and activities." If there is a serious lack of consensus about any of the above three issues, then the use of surveys to establish a poverty line would fail. If, on the other hand, there is a fair amount of consensus (no matter how much random error around that consensus) establishing a poverty measure is much more straightforward.

The Level and Income Elasticity of The Poverty Line. One could establish the level of the poverty line simply by asking people at what income they believe poverty starts. A Gallup Organization survey in the summer and fall of 1989 asked:

> People who have income below a certain level can be considered poor. That level is called the "poverty line." What amount of weekly income would you use as a poverty line for a family of four (husband, wife, and two children) in this community?

The average response was around $15,800, which was 24% higher than the official poverty line (O'Hare, 1990). This amount was a little less than half of the median income of such families. If this question were asked periodically over several decades one could establish the income elasticity of the poverty line. There is no time such time series. However, for 40 years the Gallup poll asked a question about how much income is necessary to get along. The median answer has sometimes been used to define a poverty line (Goedhart et al., 1977), but in fact the level of living tapped by this question is, as we will see, somewhat higher than that of poverty. Since it is significantly below the average level of living in the society, however, it would seem reasonable to conclude that the income elasticity of this "get along" amount is a good estimate of the income elasticity of the poverty line. Two early studies (Kilpatrick, 1973; Leveson, 1978) claimed to have established an income elasticity of the get along amount of less than one. This would imply that people's perception of how much income is necessary to get along increases more slowly than average incomes. These analyses, however, were based on only a few years of the Gallup question. Now that it is possible to analyze the full range through 1986 (when Gallup stopped asking the question) one can come to a firmer conclusion. The results indicate quite conclusively that the income elasticity of the get-along amount is one (Rainwater, 1990). That is, the average amount given by the respondents increases exactly proportionately to the increase in average incomes. (The fit is perhaps a little better with average income lagged one year.) Over a forty-year period, respondents indicate that they believe that an income equal to three quarters of mean household income is necessary for a family of four to get along.

Four surveys have asked questions which will allow us to link the average answers concerning how much income is necessary to get along with average answers concerning how much income is necessary to just escape poverty. These include a survey in Boston in 1971 and in Kansas City in 1972 (Rainwater, 1974) and a survey in Boston in 1983 (Dubnoff, 1985)and a 1989 national Gallup survey (O'Hare, 1990). These surveys provide the folowing estimates of the ratio of the get-along amount to the poverty line -- 1971: 63.9%; 1972: 63.2%; 1983: 55.9%; 1989: 71.8% the average is 64% of the get-along amount.

We would be justified in concluding that over this period of almost 20 years the public has carried around in its head an income map in which becoming poor involves an income

which is somewhat less than two-thirds the amount necessary to just get along. Since we know the historical relationship of the get-along amount to mean household income, we can conclude that a poverty line would, over this period of time, have amounted to between 45% and 50% of mean household income.

Ruggles observes that in 1963 the poverty line arrived at by Orshansky was about half of median family income. The above results would suggest that the Orshansky choice was not too far off from the amount that the average member of society would have chosen. It was the absolutist logic that resulted in the official poverty line diverging further and further from the society's poverty line, so that by the late 1980s the official poverty count was missing more than 12 million people who the public would call poor--the official poverty rate was 13% while the public's poverty line defined 18% of all Americans as poor (O'Hare, 1990).

Family Size, Age and Social Equivalence. There is a wide range of equivalent scales in use. For the most part their differences can be simplified to one parameter, the power by which need increases as the number of persons in the household increases. The power is zero if no adjustment is made for family size. (This was the case with the first U.S. estimates of the poverty population, provided by the Council of Economic Advisors in 1963.) The elasticity is one if family income is divided by the number of people in the families to yield per capita income. If some economies of scale are involved, then the power is somewhere between zero and one. Equivalence scales attempt to establish equivalent consumption. The logic of the social definition of economic wellbeing outlined above implies that what one wishes to establish instead are possibilities for equivalent social participation. Economists will see this as a shift in preferences as family size increases. Thus, Goedhart et al. (1977) in discussing the fact that their results suggest much greater economies of scale than implied by consumption-based equivalence scales, argue that "our small estimates reflect the fact that the preferences within families shift in such a way that material needs do not increase very much ... in our opinion substitution possibilities of this kind are not fully taken into account in current literature on family equivalence scales." From a more sociological point of view it can be argued that equivalence scales should also take into account the contribution to the construction of the family's lifestyle by the participation of additional family members (Rainwater, 1974; Bradbury, 1989). That is, we want an equivalence scale which defines need in terms of the income necessary for the maintenance of particular kinds of lifestyle rather than the maintenance of a particular level of material consumption.

There have been several efforts to construct equivalence scales from survey questions. There are two approaches. In one, people are asked how much income they feel is necessary for families of different sizes to achieve a particular level of living (getting along, being comfortable, being rich, etc.) (Rainwater, 1974; Dubnoff, 1985). The second approach involves analysis of responses to a question that asks respondents how much their own family needs to get along. If one regresses responses on income, family size and age, one can determine the implicit equivalence scale respondents are using. (See the literature reviewed in Buhmann et al., 1988 and the results presented in Rainwater, 1990.) There is a high degree of consistency in the equivalence scales yielded by the two types of questions. Averaging over a number of studies, one finds that need is seen to increase as a .33 power of family size.

Age, too, plays a part. Need, controlling for income and family size, is at its height when the head of the household is in his or her mid-40s. It is lower at both younger and older ages. The increase in need to age 45 and the decrease after is very regular, amounting to approximately one-tenth of a percent per year.[4]

Measuring Socially Equivalent Income. Equivalent income is defined as disposable income adjusted for need. Poverty, then, is income below some proportion of the median level of equivalent income. In the analysis below I use the following definition of equivalent income:

$$EI = Y/(S^{.33} * .99^{[A-43]})$$

Here income (Y) is adjusted for family size (S) and age of head (A-43) to yield equivalent income (EI). Poverty will be defined as having an equivalent income less than the median for all persons. Below I will present counts for two low-income categories: poverty and low-income defined as less than 70% of median income. These levels approximate those of poverty and just getting along defined in the surveys reviewed above. The equivalence adjustment used implies greater economies of scale than is the case with scale used for the official poverty line. The adjustment for age for persons over 65 is roughly the same as that in the official poverty equivalence scale, but we have also adjusted the needs of younger families downward compared to those in their mid-years.

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[4] Although no other equivalence scales present younger adults as needing less than middle-aged people, it is quite common for an equivalence scale, as in the case of the Orshansky index, to assume a lower level of need by elders.

The Components of Income. Two other important issues in arriving at a measure of poverty need to be dealt with in order to count the poor. First, which economic resources that are to be included in the income measure? The official poverty measure counts gross money income, but it has been augmented over time to include certain in-kind benefits (the cash value of food stamps, the value of housing assistance, the value of publicly provided medical care). One might also wish to include other kinds of non-money income and employee welfare benefits. The effect of including only government benefits and maintaining an absolute poverty line is that each benefit added necessarily reduces the poverty rate to some extent. Presumably one also wants to subtract income taxes paid, particularly from an absolute poverty line budget that does not include taxes in its total. The official poverty line does not do that.

Ruggles reviews the results of Census Bureau imputations for non-cash benefits. One finds a reduction, for example, in the poverty rate from 13.5% with only cash income counted to 12.4% when food and housing benefits are added, and to 11% when medical benefits are also included. There are good arguments for not including medical benefits in an income measure concerned with poverty. On the other hand, benefits like food stamps are very similar to cash (aside from the fact that they are stigmatized). This can be true of housing benefits, although in the United States living in many public housing projects is so heavily stigmatized that it seems unreasonable to value it as comparable to private housing.

Various observers have also noted that an important source of non-cash income accrues to many families from the equity in their homes.[5] If one imputes a rent based on home equity and adds that to income, one has a better indication of the economic resources that are available to the unit. Unrealized capital gains are another form of unmeasured income, but it seems unlikely that unrealized capital gains play much of a role at the levels of income that are of concern in a study of low-income. In the analysis which follows, total income is defined as the money income of the family plus the cash value of food stamps plus the imputed rent on home equity.

Persistent versus Transitory Income. Income flows are not steady. Therefore the accounting period (week, month, quarter, year, multiyear periods) will have a strong effect on how many people are counted as poor. Most studies of income distribution examine annual

[5] One would expect the inclusion of home equity to increase inequality and thereby poverty. It does to a small extent. Child poverty ranks about 2 percentage points higher once imputed rent is included, and elderly poverty rates run about 1 percentage point higher.

income. U.S. official poverty counts are in line with this approach. But much of the public discussion about poverty, perhaps particularly in the United States, is concerned with people who are seen to be poor over longer periods of the life course. Indeed, there is a great deal of discussion about, but little empirical research on, intergenerational poverty. A first step away from reliance on annual measures is to define poverty in terms of the dominant income experience individuals have had over some multiyear period. In what follows I will define persistent poverty as being poor most of the time in a five year period.

THE TENACITY OF AMERICAN POVERTY

An assessment of levels of poverty in the United States in the post World War II period suggests that there has been no significant change in the proportion of Americans who are poor. The sections which follow examine three data sources which yield results consistent with such a conclusion.

First, poverty statistics are presented based on annual after-tax money income from the Census and the Current Population Survey covering the period 1949-1989. Although there are important differences in the quality of these surveys over time, the results are sufficient to establish a rough indication of the trend (or lack of trend) in poverty rates.

Next, recent U.S. rates are compared to those in 12 other advanced industrial nations, again based on annual after-tax money income. This crossnational data comes from the Luxembourg Income Study (LIS) database. LIS brings together in one standardized database the microdata of income surveys from advanced industrial nations. The datasets differ in many design respects, but all measure detailed sources of earned and transfer income; most are the source of income distribution studies for their countries. The contribution of LIS is to make them comparable and to facilitate access to the database via academic computer networks (for a fuller description of LIS, see Buhmann, et. al.,1988).

Finally, a more detailed analysis of persistent poverty is given, using the Panel Study of Income Dynamics (PSID) database. Persistent poverty is obviously an object of much greater public policy concern than purely transitory poverty. By persistent poverty I refer to persons who are poor three years in any five-year period (or who if poor two years are low-income at least one additional year.) The PSID has followed English speaking individuals from an original sample of 5000 families in 1968 and includes data on all individuals who have joined those families, including most particularly all the children born into those families. I analyzed the data covering the period 1968-1987. The first five-year period

covers income status for the years 1967-1971, the last five year period covers income status for the years 1982-1986. The sample is representative of the U.S. population in all of those years except that it does not represent new immigrants (principally Hispanics) to the United States after 1968 (unless they joined a family that was already in the sample). By selecting successive five-year periods, it is possible to explore the trend in persistent poverty just as one can analyze the trend of annual poverty using cross-sectional surveys.

Social Poverty Rates: 1949-1989.

Real personal income in the United States has doubled in the postwar period, and as a consequence official poverty has declined at about the same rate.[6] During these years there was a massive migration from farm to town and city. Yet, Table 1 shows there has been no downward trend in social poverty (given the particular problem with zero incomes in the 1949 survey). Indeed the poverty rate seems to be higher in 1989 than it was in 1959. There is a clear pattern of improvement through the 1960s, but after that poverty rates increased steadily through the 1970s and 1980s. But focusing on trends probably missing the main finding reflected here which is that (with the exception of 1969) poverty rates hovered around 16%-20% -- 11%-14% for whites and 35%-41% for blacks.

We observe, however, a sharp decline in aged poverty among whites beginning around 1970 but the pattern for blacks is quite ambiguous. Among those under 65 years of age both races show the pattern or decline and increase. For neither group are things better in 1989 than they were in 1959.

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[6]Smolensky, Danziger and Gottschalk (1988) report a decline in official poverty from 39.8% to 22.1% in 1959, 14.4% in 1969, and 13.1% in 1979. See the Appendix for a comparison of the official rate with persistent social poverty rates from 1969 to 1984.

Table 1

U. S. Poverty Rates: 1949-1989 By Age, Family Type and Race

	All Persons	Head 65 and Over	Head Under 65	Families with Children	Two Parent Families	Solo Mother Families
All Races:						
1949	23.2	50.1	18.4	17.6	15.0	50.4
1959	17.0	35.5	14.9	14.9	11.7	55.1
1964	16.2	34.4	13.9	14.2	10.5	54.9
1969	13.7	33.4	11.1	10.9	7.2	50.5
1974	16.3	28.2	14.7	15.1	8.8	56.4
1979	16.3	25.6	14.9	15.6	8.1	47.3
1986	18.0	22.6	17.3	19.4	11.8	58.3
1989	19.1	23.9	18.3	20.8	12.6	58.2
White:						
1949	20.5	47.5	15.6	14.5	12.5	43.9
1959	13.8	32.7	11.5	11.2	9.1	46.8
1964	13.3	32.4	10.8	10.6	8.6	46.3
1969	11.3	31.4	8.6	8.1	5.7	45.0
1974	12.7	25.4	10.9	10.7	7.1	48.6
1979	12.8	24.0	11.1	10.8	6.5	36.3
1986	13.6	19.5	12.6	13.9	9.9	46.5
1989	14.2	20.7	13.0	14.2	9.7	46.4
Black:						
1949	53.4	81.4	48.6	52.4	46.7	77.2
1959	42.5	61.5	40.5	41.5	34.2	71.2
1964	42.1	53.9	40.8	42.8	33.6	72.5
1969	32.9	55.4	30.8	31.9	21.6	59.4
1974	38.5	48.0	37.4	38.5	22.1	62.4
1979	35.4	37.6	35.0	37.3	14.1	62.2
1986	37.5	45.2	36.6	38.0	15.2	70.1
1989	41.2	50.7	40.0	42.5	19.9	68.9

Sources: 1950 and 1960: Census Public Use Samples; 1964 and 1989: Public Use Files, Current Population Survey; 1969, 1974, 1979 and 1986: Luxembourg Income Study.

Notes: Zero income is high for 1949; true rates are probably lower, particularly for aged and female headed families. 1949-64 and 1989 are not fully comparable to 1974-86 because a simplified tax imputation schedule was used. In 1964 "White" includes persons with Spanish surname who are included only in totals for other years.

U.S. Poverty in Comparative Perspective

The United States has the highest poverty rate of the 13 countries available in the LIS database, and its poverty rate for different demographic groups is also the highest, or in a few cases the second highest.

With respect to poverty among older persons we find that Australia, the United States, and Israel have the highest rates for persons in households headed by a person who is 60 years of age or older (see Table 2). Countries with middle-range poverty levels for this group include Italy, Norway and Canada. Countries with quite low levels include Germany, France, Sweden and the United Kingdom. The Netherlands has an extremely low rate. In all countries the poverty rate for married couples is much lower than for single household heads, but here, too, the United States along with Israel and Italy has much higher rates than such countries as Sweden, the United Kingdom, Germany, the Netherlands, and Norway.

In recent years a stylized fact to the effect that the United States has gone a long way toward eradicating poverty among the elderly while poverty among families with children has been increasing, has gained the stature of conventional wisdom in Washington and among "knowledgeable people." This argument was developed very effectively by Samuel Preston (1984). A subsequent set of scholarly papers called this view into considerable question, but as we will see, the official poverty line figures tend to give continuing support to the notion that the United States has been very good to its elderly (Palmer, Smeeding, and Torrey, 1988).

In the case of families with children, we find that the United States stands alone with a very high poverty rate relative to other countries. Australia, Canada, Italy, Israel, and the United Kingdom make up a cluster of countries with poverty rates in the range of 9-13%, compared to the U.S. 19% rate. At the other extreme are countries like Switzerland, Sweden, Norway, the Netherlands, Luxembourg, and Germany, all with poverty rates of 4% or below. Thus there is an enormous difference between the poverty rates of northern European countries compared to that of the United States.

Table 2

Poverty Rates in 13 Nations

Nation	Survey Year	All Persons	Head 60 & Over	Head Under 60	Families with Children	Of which: Two Parent Families	Of which: Solo Mother Families
U.S.	1986	18.0	20.0	17.6	19.3	11.7	58.9
Australia	1985	13.8	21.0	12.2	12.6	8.8	60.1
Canada	1987	12.2	12.3	12.2	11.8	8.2	48.1
Israel	1986	11.1	18.8	9.4	9.7	9.1	22.3
France	1984	7.8	7.9	7.8	6.8	6.0	21.0
Germany	1984	6.4	8.7	5.7	4.2	2.8	39.8
Italy	1986	9.9	13.6	8.8	10.1	9.7	19.9
Luxembourg	1985	5.2	10.8	3.9	4.2	3.2	16.1
Netherlands	1987	4.5	1.6	5.1	4.0	4.0	3.8
U. Kingdom	1986	8.6	7.4	8.9	9.4	8.6	15.8
Norway	1979	7.1	13.5	5.1	3.6	1.9	16.7
Sweden	1987	8.2	7.6	8.5	3.2	2.8	5.9
Switzerland	1982	7.9	15.3	5.9	3.0	1.1	25.3

Source: Luxembourg Income Study database.

The U.S. poverty rates are high for both two-parent and solo mother families. In the case of solo mothers, the United States is joined by Australia with Canada not far behind, with poverty rates between 48-60%. Germany also has a relatively high rate for solo mothers, but the proportion of solo mother families there is very small. Not surprisingly, the rates for solo mother families are higher than those for two-parent families, but the discrepancy is quite small in Sweden and non-existent in the Netherlands. In married couple families the poverty rate is 4% or less in Sweden, Switzerland, Germany, the Netherlands, Norway, and Luxembourg, and it is only 6% in France. Thus the United States has a poverty rate for two-parent families at least twice as high as in these countries.[7]

Americans' Experience of Low Income: 1967-1986

To index persistent poverty I have examined the pattern of income over five-year periods, and categorized people in terms of whether their incomes were ever below 70% of median equivalent income, and if so, for how many years income was below 70% and for how many years income was below 50% of equivalent income. Below we will examine the characteristics and the time trends in persistent poverty for the sixteen five-year periods in the twenty-year PSID database. But first it will be of some interest to see what proportion of persons never experience low income (see Table 3). This proportion varied from a high of 57.6% in the first five-year period (1967-1971) to a low of 55% in the last five-year period (1982-1986). Among the elderly the direction of change was different. In the first period, only 31.2% of the elderly never experienced low income, while in the last five-year period 42.3% did not experience low income.

Overall, then, we can say that almost half of Americans at some point during each five year period came close to experiencing poverty for at least one year. They either were in poverty

[7] Quite a number of studies have used the LIS database to compare U.S. poverty rates overall, for the elderly, and for families with children. These studies have used different poverty lines and equivalence scales from the one used here, but the common finding is the much higher rate of poverty for all demographic groups in the United States than in most European countries. (Buhmann et al., 1988; Smeeding, Torrey, and Rein, 1988)

Table 3. Percent of Persons Experiencing Low Income or Poverty: 1967-1984

	Mid Year	Experience in 5 Year Period: Never Low Income	Sometimes Low Income	Sometimes Poor	Persistently Poor
All Persons:					
	69	57.6	16.2	10.3	15.9
	70	57.3	16.5	10.3	15.9
	71	57.0	16.8	10.2	16.0
	72	56.9	16.7	10.6	15.8
	73	56.5	16.5	11.4	15.6
	74	56.5	16.1	11.5	15.9
	75	57.2	15.3	11.3	16.2
	76	56.7	15.5	11.0	16.8
	77	56.7	14.9	11.5	16.9
	78	56.3	15.8	10.7	17.2
	79	56.8	15.8	10.1	17.3
	80	56.9	15.5	10.0	17.6
	81	55.2	15.5	10.5	18.8
	82	55.5	15.3	9.9	19.3
	83	55.3	15.2	9.8	19.7
	84	55.0	15.1	10.2	19.7
Persons under 30:					
	69	56.8	17.0	12.0	14.2
	70	56.0	17.6	12.0	14.4
	71	55.5	18.1	11.9	14.5
	72	55.0	18.5	12.1	14.4
	73	54.5	18.2	13.5	13.8
	74	54.6	17.7	13.4	14.3
	75	55.1	16.8	13.5	14.6
	76	54.8	16.8	13.0	15.4
	77	54.3	16.4	13.8	15.5
	78	54.0	17.0	12.8	16.2
	79	54.1	17.2	12.0	16.7
	80	53.7	16.8	11.8	17.7
	81	51.6	16.8	12.5	19.1
	82	51.4	7.5	11.5	19.6
	83	51.2	16.6	11.7	20.5
	84	51.2	15.9	11.8	21.1
Persons 65 and over:					
	69	31.2	20.1	9.9	38.8
	70	34.0	18.1	10.0	37.9
	71	33.5	17.3	11.7	37.5
	72	35.1	16.4	11.2	37.3
	73	35.9	16.6	9.5	38.0
	74	34.6	17.2	9.4	38.8
	75	36.2	15.8	9.4	38.6
	76	34.9	16.2	10.1	38.8
	77	37.4	15.0	9.1	38.5
	78	36.4	17.4	7.5	38.7
	79	40.5	15.5	6.4	37.6
	80	41.7	16.0	6.7	35.6
	81	39.1	17.4	8.3	35.2
	82	41.9	14.7	9.2	34.2
	83	42.4	16.7	7.1	33.8
	84	42.3	17.8	6.9	33.0

for a year or more, or they were in that low income range between not having enough to get along and still not quite being poor.

A little over one-quarter of Americans experienced poverty at least once during each five-year period, ranging from 26.2% for the first period to 29.9% for the last period. Only among the elderly was there a decline, from 48.7% in the first period, to 39.9% in the last period.

It should be noted that although there were declines in the experience of low income among the elderly over this time, by the late 1980s fewer than half of the elderly did not have one bad year out of five--17.8% had at least one year in which they didn't have enough to get along, although they weren't poor, and an additional 40% had at least one year in which they were below the poverty line. And, it should be remembered that the poverty line for the elderly has been adjusted downward with 65-year-olds regarded as needing 18% less income to be equally as well off as a 45-year-old with the same size family.

Persistent Poverty Rates: 1967-1986

These findings suggest that the choice of poverty lines is not a fine point in public policy analysis. In the sections below I proceed to consider in more detail the SPL rates for particular population groups. When one analyzes persistent poverty, the family can no longer be the basic unit of analysis since the families around individuals can change over time. Instead we follow individuals into whatever family situations they find themselves. We can, however, capture part of their family situation by considering the characteristics of the families in which they lived in the first year of the five-year period. I have done this by tabulating results separately for individuals who lived in male-headed households in the first year of each five-year period, and those who lived in female-headed households in the first year of each five-year period.

With respect to patterns for different age groups, I find that persistent poverty has increased most for children and younger persons, and that it has decreased for older persons. The dividing line seems to be around the age of 50. The poverty rates for age groups over 50 have all declined; those for age groups under 50 have all increased. Poverty among persons who were 17 or younger at the beginning of the five-year period has increased from 15.9% in the first period to 22.6% in the last period. The proportionate change is even greater for individuals who were in their 20s at the beginning of the period, increasing from

11.6% to 21.4%. Individuals in their 50s and early 60s experienced a decline in the rates of persistent poverty that was about as great as that for persons 65 and over.

The data in Table 3 indicate that poverty has increased for those under 30 because of increases both in the likelihood of ever being poor during a five year period, and in the probability that those who are ever poor will be persistently poor. Among the elderly the decline in persistent poverty is due solely to a decline in the likelihood of ever being poor; the probability of persistence for the ever poor actually increased slightly.

Demographic changes have meant that despite the increase in the poverty rates for children, they make up a smaller proportion of the poor in the 1980s than they did in the 1960s, declining from roughly 40% of all the poor to 30% by the last five-year period. Their place was taken by persons in their 20s--only 13% of the poor were in their 20s in the beginning period compared to 26% in the latter period. While the elderly poverty rate declined, their share of the poor is only slightly lower at the end of the period than it was at the beginning. However, there has been a decline in the elderly share of the poor since the late 1970s.

It should be noted that in all age groups a majority of the persistently poor are white, despite the higher rates of poverty for blacks. The demographic weight of whites means that even with their often much lower rates they loom larger in the poverty population. The PSID does not have enough cases to analyze Hispanic poverty rates in detail. Taking the Hispanic individuals as a whole we do find, in line with the findings of researchers using the official poverty line, a poverty rate about at the same level as that for blacks. The persistent poverty rate for Hispanics in the first of our poverty periods was around 20%, and by the end of the period it had risen to 26%.

Variations in Persistent Poverty by Race and Sex of Family Head

It is not possible to categorize five-year periods in terms of the sex of head, because that can change. In what follows, the reference to sex of head is understood to mean the sex of head in the first year of the five-year period. For most of the people involved, the sex of head will be the same throughout the five-year period, but for a minority that will not be the case.

Among all age groups one observes a pattern whereby persistent poverty is lowest for individuals living in white, male-headed households. It is highest for individuals living in

black female-headed households. The rates of the other two race/sex-of-head groups are generally rather close--individuals living in white female-headed families and those living in black male-headed families tend to have similar persistent poverty rates. Given that age seems to be the central factor in determining the trend of persistent poverty rates over time, the following discussion is organized by age group (see Table 4, in which Hispanics are not shown separately but are included in the total).

The Elderly. There seems to be a consistent decline in poverty rates only for elderly who lived in a white male-headed household (at the beginning of each period). For these individuals, the SPL rate declined from around 30% in the first periods to 20% in the last period, a decline of one-third. The figures suggest some decline for individuals in black female headed households, but the number of cases in the PSID for this group, particularly in the early periods, is quite small. In any case, there seems no evidence of a trend to declining poverty for this group from the early 1970s on. For individuals in both white female-headed families and in black male-headed families, we find a pattern of ups and downs in rates which are perhaps also related to the smaller sample sizes, but no there is secular trend. For both groups the elderly poverty rate is about 50% at the beginning and about 50% at the end. The black male-headed households show more fluctuation, but the sample size is also smaller.

Overall, then, it is very difficult to make an argument that elderly poverty has declined across the board in the United States. Only individuals living in white male-headed households (probably mostly married couples) seem to have significantly improved their situation. In our first period, about half of all poor elderly individuals lived in white male-headed households; by the end of the period only 36% did. In contrast, the proportion of the elderly poor living in white female-headed households increased by fully 60%.

It seems unlikely that improvements in the Social Security benefits currently on the books will significantly change this picture. The United States does not have a above poverty level minimum pension for the elderly. The effective minimum in the United States is a combination of SSI, OASI and food stamps.[8] The combined minimum benefits from these

[8] See Smeeding, 1992.

Table 4
Social Poverty Rates by Age of Individual, Race and Sex of Head

	Children					18 to 29				
Mid-Year	Total	White Men	White Women	Black Men	Black Women	Total	White Men	White Women	Black Men	Black Women
69	15.9	7.0	37.2	37.4	66.4	11.6	7.6	16.9	20.6	63.7
70	15.9	7.8	34.3	36.7	66.0	12.4	7.3	21.0	26.7	62.2
71	15.7	7.8	34.0	35.9	66.4	13.3	8.4	20.4	26.2	65.7
72	15.2	7.3	32.6	33.3	69.9	13.6	7.6	20.9	29.0	68.0
73	14.8	6.9	31.4	31.4	71.2	13.5	7.5	22.8	29.1	62.1
74	15.0	7.1	30.5	32.5	72.1	14.3	8.4	24.3	32.0	57.7
75	15.4	8.1	26.9	30.5	70.2	14.3	8.4	24.8	28.2	59.7
76	16.3	7.5	36.9	26.4	72.7	15.6	9.3	24.7	27.0	61.5
77	16.2	7.7	35.7	25.9	71.6	15.9	9.2	26.6	26.8	62.0
78	17.3	8.1	41.1	29.5	70.0	16.6	8.8	33.0	26.9	64.5
79	17.5	8.1	40.8	31.0	71.0	17.4	9.2	33.9	28.3	65.5
80	18.8	10.0	43.5	34.5	70.6	18.1	10.1	31.7	32.9	58.6
81	20.2	10.7	40.8	37.2	71.6	19.8	12.4	30.2	24.1	61.0
82	21.0	11.9	41.9	34.5	71.2	20.2	12.2	30.8	35.8	64.3
83	22.3	11.7	45.3	35.4	76.5	21.0	12.3	32.5	38.4	65.9
84	22.6	11.2	49.7	33.6	82.0	21.4	13.1	30.4	40.6	66.5

	30 to 49					50 to 64				
Mid-Year	Total	White Men	White Women	Black Men	Black Women	Total	White Men	White Women	Black Men	Black Women
69	10.1	4.6	32.3	26.5	63.2	19.6	14.8	28.4	39.5	81.3
70	10.1	5.0	29.6	25.4	65.2	20.1	14.8	30.5	38.6	78.6
71	10.1	4.9	29.4	24.6	63.8	20.4	14.7	32.7	38.3	71.0
72	9.7	4.5	31.5	21.6	61.8	18.9	12.6	31.1	40.2	71.5
73	9.5	4.7	30.7	17.4	65.3	19.0	12.3	30.2	40.7	74.2
74	9.6	5.4	25.9	16.6	68.2	18.4	11.2	31.0	39.4	76.5
75	10.2	6.6	21.7	16.2	64.2	18.1	11.3	29.9	33.3	77.6
76	10.1	6.0	26.9	14.5	60.4	18.1	10.5	34.0	32.0	73.2
77	9.9	5.8	26.7	13.8	60.9	17.8	9.1	40.1	35.8	79.5
78	10.2	6.3	25.3	15.0	59.4	16.5	7.8	39.9	31.9	76.0
79	10.2	5.9	25.7	19.3	54.6	15.5	7.1	40.1	27.6	75.5
80	10.7	6.5	28.7	20.2	57.4	14.7	7.1	39.0	28.0	71.9
81	11.8	7.6	22.6	23.1	57.5	15.6	8.4	39.9	28.3	61.9
82	12.7	8.2	22.6	22.9	58.3	15.8	8.8	38.7	26.9	66.3
83	12.8	7.5	24.6	27.5	57.0	15.3	9.2	33.7	25.0	62.3
84	13.7	8.1	26.0	27.9	60.4	14.1	8.1	32.1	22.8	58.7

	65 and older				
Mid-Year	Total	White Men	White Women	Black Men	Black Women
69	38.9	30.1	49.5	50.0	92.5
70	38.0	29.0	47.8	52.9	96.4
71	37.5	28.6	47.1	50.5	86.2
72	37.3	26.9	49.1	53.5	93.6
73	38.0	30.0	46.0	62.3	70.1
74	38.7	29.2	49.3	63.7	72.2
75	38.5	27.9	52.4	63.9	69.3
76	38.8	27.8	52.6	58.1	83.0
77	38.5	26.0	52.9	50.7	86.2
78	38.7	27.5	51.9	50.0	76.1
79	37.7	26.1	50.1	55.0	76.8
80	35.6	23.3	48.5	55.5	76.2
81	35.3	22.5	48.7	60.5	72.0
82	34.3	22.3	46.3	55.5	72.5
83	33.8	20.7	47.4	58.2	72.7
84	33.1	20.0	49.3	51.8	77.5

programs do not reach the social poverty line. Without such a minimum pension, it is unlikely that these very high rates will decline significantly in the future, except perhaps for those living in white male-headed households.

The Pre-Retirement Years. As noted, the 50-64 year old age group had a small overall decline in the rate of persistent poverty. Examining race and sex of household head groups indicates that these changes apply most to white male-headed households where the persistent poverty rate declined from around 15% to 8%. For black female-headed households, we find not much change through around 1980, and then a quite significant decline in the four post-1980 periods to a little over 60%. A similar decline similar is found for individuals living in black male-headed households, from roughly 40% through the early 1970s to around one-quarter in the early 1980s. On the other hand, there is no evidence of a declining rate for individuals in this age group living in white female-headed households. If anything, there was in increase in the second half of our 20-year period, and a subsequent decline to a rate not too different from the early periods.

Individuals in Their 30s and 40s. Here we find that for individuals in black female-headed households the rates are very high, with some evidence of a slight decline by the end of the period. For black male-headed households we find a rather clear-cut pattern of declines from a level of about one-quarter in the early periods to a low point of around 15% in the late 1970s, and then a quite marked increase to around 28% by the last periods. Individuals in their middle years in black households seem to have fallen back from an improvement that lasted through the mid-1970s and now have a poverty rate about twice as high as at the low point.

In the case of white female-headed families we find ups and downs within a fairly narrow range (with some suggestion of a slight decline for the end of the period) but the picture is more one of stability than of change.

Finally, for the largest group, individuals in white male-headed households, we find a consistent increase in the poverty rate from the very low level of 5% through the early 1970s to 8% by the mid-1980s.

Young Adults. As noted, this group has experienced a sharp increase in poverty. Disaggregating by race and sex of head we find that the increase is driven by increases for individuals in white male-headed households, whose rate climbed from around 8% to a high of 13%. The same pattern of increase can be seen for individuals in black male-headed

households, although here there is a long plateau with a poverty rate below 30% through the late 1970s; then the rate climbed very rapidly to 41% by the last period. There is similarly an increase for individuals in white female-headed households from around 20% in the early periods to slightly over 30% in the later periods. It is only among black female-headed households that we do not find a secular increase in persistent poverty. Here the rate fluctuates from year to year but there is no trend. On average almost two-thirds of individuals in their 20s in households headed by black women are poor, and this has not changed for 20 years.

Children. The overall increase of about one-third in the poverty rate for children comes about through increases in three of the four family groups we are examining. For white male-headed households, the increase was from 7% in the first period to 11% in the last, with very little of a cyclical pattern. There was great stability in the rate through the late 1970s and then the small observed increases.

For individuals in households headed by white women, we find a pattern of improvement from the earliest period through the mid-1970s and then a steady rise in the poverty rates so that by the end of the period half of all individuals in white female-headed households were persistently poor, whereas at the low point as few as 27% had been poor. Thus the persistent poverty rate seems to have almost doubled from the mid-1970s to the mid-1980s.

In the case of black male-headed households we find an improvement and then a deterioration such that by the end of the period persistent poverty rates are only slightly lower than they were at the beginning.

And for individuals in black female-headed households the pattern is one of slight increase by the early 1970s, stability through the early 1980s, and then a very sharp increase in the last two five-year periods. The result is that by the end of the period there has been a 16 percentage point increase in the poverty rate of children in black female-headed households.

While the share of poor children who live in white male-headed households has fluctuated somewhat over this period of time, it remains about as high at the end of the period as it was at the beginning. The share of poor children in white female-headed households has increased quite a bit from the early period to the latest periods. The share in black male-headed households has declined dramatically (from 23% to 10%) while the

share of poor children in black households headed by women has increased from around 20% to a little over a quarter.

CONCLUSION

The findings reviewed here have demonstrated that Americans have a lively sense of what constitutes poverty and low income in their society and that there is a remarkable stability over time in the way these conceptions are derived from conceptions of the level of living of average Americans.

Applying this social conception of poverty to defining a social poverty line, the analysis showed that the experience of poverty is not rare in American society. About a third of Americans children and young adults have sufficiently low incomes in at least one year of every five-year period that they are below the public's poverty line, as are about 40% of persons 65 years of age and older. For the ages in between the experience is less common. Persons in the situation of persistent poverty I have defined as social poverty constitute a significant minority of the population; as much as 20% of the young and a third of the elderly.

Thus the experience of not having enough income to get along in terms of contemporary expectations is widespread in this society. Not only has the likelihood of experiencing poverty level incomes at least once increased over the past 20 years, but among the young the probability of being persistently poor, given that you were ever poor has also increased. Even among the elderly, where the probability of being ever poor or persistently poor has decreased, the probability of staying poor, given that you become poor, has not changed. That is, the decline in persistent poverty among the elderly has come about solely through a decline in the likelihood of becoming poor the first time.

By the standard of a social poverty line, America's poverty problem has not diminished since the launching of the War on Poverty. Indeed, further refinements (as for example by taking into account geographical variations in living standards and in conceptions of poverty) may reveal even more serious deprivation than the measures reported here would suggest.

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APPENDIX

PERSISTENT POVERTY AND OFFICIAL POVERTY: 1967-1986

As the years progress from 1967 to 1986 the divergence between the official poverty line and the social poverty line increases. The median equivalent income which serves as the basis for the social poverty line increased 24% faster than the Consumer Price Index from 1967 to 1986. Therefore, at the end of the period the SPL poverty line for almost all family sizes and ages is well above that of the official poverty line. Equivalent income increased more than disposable income because need decreased. Family size decreased. The average distance of heads age from 45 also increased. Overall, about two-thirds of the increase in real equivalent income was due to increased real disposable income, and one-third to decline in family size and age adjusted need.

At the beginning of the period, however, the SPL is about the same or below the official poverty line for most families of four persons and more. Given the age adjustment, it is particularly for families headed by a person in the middle years that the SPL exceeds the OPL. For example, by 1986 for family sizes of one to four persons with a 45-year-old head, the SPL is 50% to 70% higher than the OPL. But despite the fact that the SPL posits greater needs for people in the middle years, it is the young and the old who appear to be the most likely to be poor; those in the middle years are least likely to be poor.

The relationship between time trends for the two poverty lines differs dramatically for the non-elderly and the elderly (see Appendix Table). For those under 65 there is a basic similarity in the time trend of both series. The official poverty line is very flat for all households headed by a non-elderly person for the period of the late 1960s through the 1970s. Only around 1980 does the official poverty rate begin to rise. We find roughly the same pattern for the social poverty rate. Using the social poverty line and persistence rather than annual poverty measures would not, for the non-elderly, dramatically change our view of poverty rates (although, as we will see below, it might well change our view of trends for some demographic groups). For the elderly, however, there is a marked difference. The annual series shows a dramatic decline in elderly poverty from the 1960s to the 1980s. Our smoothed series shows an official poverty rate for the last five-year period that is half the poverty rate for the first five-year period. The elderly OPL in the late 1980s was only a third that of 1959. The persistent series tells another story entirely. There was little trend in the elderly SPL rate until the 1980s, when it did decline, but the decline was not nearly as great

as with the OPL. The elderly rate of 33% for the last five-year period represents only a 15% decline from the first period.

The trends diverge when one examines black and female-headed family rates. With the OPL there is a long-term decline in the poverty rate for female-headed households, from around 40% in the late 1960s to 33-34% by the end of the 1970s; then the rate increases to around 35%. Social poverty, on the other hand, increases approximately 4 percentage points to 47% in 1982-86. We find the same story for black poverty rates. The OPL rates are flat, ranging between a high of 34% and a low of 31% with no long-term trend apparent. The SPL rates, however, show a sharp increase beginning in the late 1970s from a plateau of just under 45% to a high point around 51% in 1982-86.

APPENDIX TABLE

Poverty Rates According to Official and Social Poverty Lines

	All Persons		Children		Persons 65 and Over	
Midyear	OPL	SPL	OPL	SPL	OPL	SPL
69	12.8	15.8	15.1	15.9	25.2	38.9
70	12.4	15.9	14.8	15.9	23.0	38.0
71	12.0	16.1	14.6	15.7	21.3	37.5
72	11.9	15.8	14.9	15.2	19.1	37.3
73	11.8	15.6	15.2	14.8	17.3	38.0
74	11.7	15.9	15.4	15.0	16.0	38.7
75	11.6	16.1	15.6	15.4	15.1	38.5
76	11.7	16.8	15.9	16.3	14.6	38.8
77	11.8	16.8	16.1	16.2	14.7	38.5
78	11.9	17.2	16.4	17.3	14.8	38.7
79	12.3	17.3	17.2	17.5	14.9	37.7
80	13.0	17.6	18.3	18.8	15.0	35.6
81	13.8	18.8	19.6	20.2	14.9	35.3
82	14.3	19.2	20.6	21.0	14.4	34.3
83	14.5	19.6	21.1	22.3	13.7	33.8
84	14.4	19.8	21.2	22.6	13.2	33.1

Note: OPL = 5 year average of official poverty rate
SPL = Persistent poverty using social poverty line
Midyear = Middle year of 5 year period; e.g., 1967-1971