

**How Many Americans Were Really in Poverty in 1947?
Estimates of the U.S. Poverty Population Between 1947 and 1963
Under Two Contemporary (1949 and 1959) Definitions of Poverty**

by

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The current official U.S. poverty thresholds were originally developed in 1963-1964 by Mollie Orshansky of the Social Security Administration. In May 1965, they were adopted by the federal government as a working or quasi-official definition of poverty. In August 1969, a modified version of the thresholds was designated as the federal government's official statistical definition of poverty.¹ The base year for the thresholds was 1963, but in 1965-1966 Orshansky extended the series (including poverty population figures) back to 1959 in response to a request from the Council of Economic Advisers. When the modified version of Orshansky's thresholds was made the official federal poverty measure in 1969, the poverty population figures back through 1959 were retabulated on the modified basis and made part of the official statistical series.² Ever since, people have been asking the question, "How many people were in poverty before 1959?" (The question is not an easy one to answer for several reasons, one of them being that Current Population Survey income microdata for years before the 1960's are no longer extant.)

In this paper I provide an answer to the question of how many Americans were in poverty before 1959 by presenting estimates of the poverty population between 1947 and 1963 under two contemporary (1949 and 1959) definitions of poverty. I also withdraw a set of unpublished estimates that I prepared in 1985-1986 that provided an inadequate answer to the same question.

In section 1 of this paper, I describe the two contemporary definitions of poverty that I am using. In section 2, I describe how I calculated poverty population estimates for 1947-1963 using those two definitions. In section 3, I present and describe the resulting estimates. In section 4, I describe the 1985-1986 estimates that I am withdrawing, and discuss why a poverty line developed in the 1960's cannot be used to provide a meaningful answer to the question of how many Americans were in poverty in the 1940's and 1950's (or in earlier decades).

¹Gordon M. Fisher, "The Development and History of the Poverty Thresholds," *Social Security Bulletin*, Vol. 55, No. 4, Winter 1992, pp. 3-4 and 8-9; and Gordon Fisher, "Income (In-)Adequacy? The Official Poverty Line, Possible Changes, and Some Historical Lessons," *Community Action Digest*, Vol. 1, Issue 1, Spring 1999, pp. 26-28.

²Gordon M. Fisher, "The Development of the Orshansky Poverty Thresholds and Their Subsequent History as the Official U.S. Poverty Measure" (unpublished paper), May 1992--partially revised September 1997, pp. 23, 31, and 33. (This paper is available on the WorldWide Web at <<http://www.census.gov/hhes/poverty/povmeas/papers/orshansky.html>>. The *Social Security Bulletin* article cited in footnote 1 was condensed from the 1992 version of this paper.) Because of the modifications made in the poverty thresholds in 1969, poverty statistics from documents dated before August 1969 should not be used, since they are not comparable with the current official statistical series (see Fisher, "The Development and History of the Poverty Thresholds," p. 8).

1. Definitions of Poverty (Low Income) from 1949 and 1959

One of the contemporary definitions of poverty or low income that I use in this paper was developed in 1949 by the staff of the Subcommittee on Low-Income Families (SLIF) of the Congressional Joint Committee on the Economic Report (subsequently renamed the Joint Economic Committee). The other definition used here is a modified version of the SLIF definition that was developed in 1959 by Robert Lampman, an economics professor at the University of Wisconsin at Madison, for a paper on the low-income population prepared in connection with a Joint Economic Committee study of employment, growth, and price levels.

1.1. *The Subcommittee on Low-Income Families' Definition of Poverty (Low Income)*

In July 1949, the chairman of the Congressional Joint Committee on the Economic Report (JCER) appointed a subcommittee to do a study of low-income families. In November 1949, the new Subcommittee on Low-Income Families issued a staff report³ containing material on low-income families to serve as background for the subcommittee's hearings and deliberations. The SLIF continued its work into 1950. Early in 1955, the JCER reconstituted the SLIF to do further studies of the problems of low-income families. In October 1955, the SLIF issued a staff report⁴ containing material on low-income families to serve as background for the subcommittee's hearings.⁵ (The SLIF also issued additional reports in 1950 and 1956.)

The November 1949 staff report stated that its study focused on nonfarm families with 1948 money incomes below \$2,000 and farm families below \$1,000. This may be considered the report's theoretical definition of low-income status for families. However, neither this report nor the October 1955 staff report presented any figures showing the sum of the number of nonfarm

³United States Congress, Joint Committee on the Economic Report, *Low-Income Families and Economic Stability* [---] *Materials on the Problem of Low-Income Families Assembled by the Staff of the Subcommittee on Low-Income Families...*, Washington, D.C., United States Government Printing Office, 1949.

⁴U.S. Congress, Joint Committee on the Economic Report, *Characteristics of the Low-Income Population and Related Federal Programs* [---] *Selected Materials Assembled by the Staff of the Subcommittee on Low-Income Families...*, Washington, D.C., United States Government Printing Office, 1955.

⁵For further discussions of the SLIF and its low-income line in 1949 and 1955, see Gordon M. Fisher, "From Hunter to Orshansky: An Overview of (Unofficial) Poverty Lines in the United States from 1904 to 1965" (unpublished paper), October 1993--revised August 1997, pp. 41-42 and 44. (This paper is available on the WorldWide Web at <<http://www.census.gov/hhes/poverty/povmeas/papers/hstorsp4.html>>.)

families below \$2,000 and the number of farm families below \$1,000. Instead, much of the discussion in the opening sections of the 1949 report was of all families (nonfarm and farm) below \$2,000. Similarly, when the 1955 report compared the numbers of low-income families in 1948 and 1954, it gave figures for all families (nonfarm and farm) with incomes below \$2,000 in 1948 dollars. Accordingly, the \$2,000 figure will be considered to be the SLIF's operational definition of low-income status for families. (Using the same figure for both farm and nonfarm families also makes it possible to calculate the number of persons as well as the number of families in low-income status from the published Census Bureau tables for years after 1948.) While the 1949 report did not explicitly cite a low-income dollar figure for unrelated individuals, it focused on such individuals with 1948 money incomes below \$1,000, so that will be considered to be the SLIF's operational definition of low-income status for unrelated individuals.

The 1949 report took a somewhat ambivalent attitude to the dollar figures that it cited and used. On the one hand, the report said that those figures "are not intended to be, and must not be interpreted to be, a definition of 'low' income. The boundary line on the income scale between want and sufficiency is difficult to determine...." On the other hand, the report stated that "It is improbable that there will be more than a minor proportion of families able to purchase all their requirements with incomes below these amounts." When writers during the 1949-1958 period cited a dollar figure as an indicator of poverty, they generally cited the SLIF's \$2,000 figure for families; a few writers argued for higher or lower figures, but these alternative figures were generally not cited by third parties. In addition, note that in a 1966 study of standard budgets by Oscar Ornati which gave "minimum subsistence" [=poverty] figures for four-person families for a number of years, the minimum subsistence figure given for 1948 was \$2,107⁶--very close to the SLIF's \$2,000 figure for the same base year for (nonfarm) families of all sizes. Taking all of these points into consideration, it seems reasonable to assume that despite the report's protestations, its \$2,000 figure turned out to be reasonably close to a socially acceptable minimum standard of living for 1948 and the immediately following years.

⁶Oscar Ornati (with the editorial assistance of J. Stouder Sweet), *Poverty Amid Affluence*[:] *A Report on a Research Project carried out at the New School for Social Research*, New York, Twentieth Century Fund, 1966, p. 148. Ornati's minimum subsistence figure of \$2,444 for a family of four for 1957 was quite close to \$2,338--the value that I have calculated for the SLIF's family low-income line for 1957.

1.2. Robert Lampman's Definition of Poverty (Low Income)

In December 1959, in connection with a Committee study of employment, growth, and price levels, the Joint Economic Committee of Congress published a paper⁷ on the low-income population by Robert Lampman⁸, an economics professor at the University of Wisconsin at Madison. In this paper, Lampman presented a low-income line⁹ that was essentially a revision of the 1949 SLIF's low-income line with adjustments for inflation and family size. Apparently to take advantage of the earliest comparable published Census Bureau income tables, he started by applying the SLIF's \$2,000 figure for (nonfarm) families to income data for 1947 rather than for 1948. (This had the effect of raising the level of the line by 7.6 percent in real terms.) He applied this figure to four-person families, and used Bureau of Labor Statistics equivalence scales to develop figures for other family sizes. (This resulted in a low-income line for unrelated individuals that was slightly below the SLIF's \$1,000.) He then updated these figures to 1957 using the Consumer Price Index. In the spring of 1963, Lampman updated his low-income line to 1961 and used it to prepare one of two sets of poverty

⁷Robert J. Lampman, "The Low Income Population and Economic Growth" (Study Paper No. 12), pp. 1-36 in United States Congress, Joint Economic Committee, *Study Papers Nos. 12 and 13[,] The Low Income Population and Economic Growth...The Adequacy of Resources for Economic Growth in the United States...Materials Prepared in Connection With the Study of Employment, Growth, and Price Levels...* (December 16, 1959), Washington, D.C., United States Government Printing Office, 1959. For further discussion of this paper and its low-income line, see Fisher, "From Hunter to Orshansky..." (1997 revision), pp. 47-48.

⁸During the early 1960's, Lampman served on the staff of the Council of Economic Advisers (CEA). While there (as noted on the next page), he prepared the statistics and analysis for a famous memorandum on "Progress and Poverty" that CEA Chairman Walter Heller sent to President Kennedy. (In the first sentence of the memorandum, Heller referred to Lampman as "CEA's expert on poverty.") Lampman was the primary author of the chapter on "The Problem of Poverty in America" in the CEA's 1964 Annual Report, and developed the Johnson CEA's \$3,000 family poverty line. He was largely responsible for the establishment of the Institute for Research on Poverty at the University of Wisconsin at Madison, and was a major national figure in the fields of poverty research and social policy research. (See "A tribute to Robert Lampman," *Focus* [newsletter of the Institute for Research on Poverty], Vol. 18, No. 3, Spring 1997, pp. 72-73. For a discussion of his work on the Johnson CEA's family poverty line and the chapter on "The Problem of Poverty...", see Fisher, "From Hunter to Orshansky..." (1997 revision), pp. 54-56.)

⁹I do not refer to pre-Orshansky poverty/low-income lines as "thresholds" because that term was generally not applied to poverty lines before its use in a May 1965 paper by Orshansky; see Fisher, "From Hunter to Orshansky..." (1997 revision), endnote 1 (p. 66).

estimates that were attached to a famous memorandum¹⁰ on "Progress and Poverty" that was sent by Walter Heller (Chairman of the Council of Economic Advisers) to President Kennedy. Finally, Lampman updated his low-income line to 1963 and used it to prepare a tabulation on the low-income population for a paper that he presented at a May 1965 conference on Poverty amid Affluence.¹¹

Unlike the SLIF, Lampman was refreshingly explicit in stating the dollar figures that he used for his low-income line for three of the years for which he calculated figures (with the exception of the figure for families of seven or more persons in 1947). The figures that he used were as follows¹²:

| | <u>1947</u> | <u>1957</u> | <u>1963</u> |
|-------------------|-------------|-------------|-------------|
| 1 person | \$ 920 | \$1,157 | \$1,261 |
| 2 persons | 1,302 | 1,638 | 1,785 |
| 3 persons | 1,674 | 2,106 | 2,296 |
| 4 persons | 2,000 | 2,516 | 2,742 |
| 5 persons | 2,296 | 2,888 | 3,148 |
| 6 persons | 2,572 | 3,236 | 3,527 |
| 7 or more persons | NA | 3,750 | 4,088 |

Unofficial poverty lines were developed and published more frequently during the 1958-1963 period than during the 1949-1958 period¹³, so Lampman's low-income line did not dominate the poverty literature of the early 1960's in the way in which the SLIF's low-income line dominated the literature of the 1950's. However, a number of other writers on poverty did cite Lampman's

¹⁰May 1, 1963, Memorandum for the President [John F. Kennedy] from Walter W. Heller, Chairman of the Council of Economic Advisers--Subject: Progress and Poverty (Theodore C. Sorensen Papers: Subject files - 1961-64, "Council of Economic Advisers. 5/1/63-9/23/63," Box 31, John Fitzgerald Kennedy Library). For the role that this memorandum played in the sequence of events that led to the declaration of the War on Poverty, see Arthur M. Schlesinger, Jr., *A Thousand Days[:] John F. Kennedy in the White House*, Boston, Houghton Mifflin Company, 1965, pp. 1009-1012; James L. Sundquist, *Politics and Policy[:] The Eisenhower, Kennedy, and Johnson Years*, Washington, D.C., Brookings Institution, 1968, pp. 135-137; Sar A. Levitan, *The Great Society's Poor Law[:] A New Approach to Poverty*, Baltimore, Johns Hopkins Press, 1969, pp. 13-18; and James T. Patterson, *America's Struggle against Poverty, 1900-1994*, Cambridge, Massachusetts, Harvard University Press, 1994, pp. 134-137.

¹¹Robert J. Lampman, "Population Change and Poverty Reduction, 1947-75," p. 23 in Leo Fishman (editor), *Poverty amid Affluence*, New Haven, Yale University Press, 1966.

¹²Lampman, "The Low Income Population...", pp. 35 and 4-6 (for 1947 and 1957, respectively); and Lampman, "Population Change and Poverty Reduction...", p. 23 in Fishman (for 1963 low-income lines).

¹³Fisher, "From Hunter to Orshansky..." (1997 revision), p. 39.

figures, particularly during 1960.¹⁴ In addition, note that Ornati's "minimum subsistence" [=poverty] figure for a family of four for 1957 (Lampman's base year) was \$2,444¹⁵--very close to Lampman's four-person low-income line of \$2,516 for that year. Accordingly, it seems reasonable to assume that Lampman's 1957 low-income lines were reasonably close to a socially acceptable minimum standard of living for the years between 1957 and 1960.

1.3. Comparing the Two Definitions

Of these two poverty measures (the SLIF's and Lampman's), the SLIF's measure was clearly the cruder one, since it did not adjust for the differing needs of families of different sizes. It would thus have been subject to the same sorts of criticisms that Mollie Orshansky voiced almost two decades later against the family poverty line of \$3,000 used by the Johnson Administration's Council of Economic Advisers (CEA)--a measure which also failed to adjust for family size. (Orshansky wrote that the Johnson CEA's poverty line "led to the odd result that an elderly couple with \$2,900 income for the year would be considered poor, but a family with a husband, wife, and four little children with \$3,100 income would not be,"¹⁶ and that

¹⁴See, for instance, "Step Towards Eliminating Poverty: Improve the Fair Labor Standards Act," *Economic Trends and Outlook* (published monthly by [the] AFL-CIO Economic Policy Committee), Vol. 5, No. 3, March 1960, p. 2 (asterisked footnote); Wilbur J. Cohen, "Children And Youth[:] Effects of Family Unemployment and Inadequate Family Income" (Delivered to the Golden Anniversary White House Conference on Children and Youth, Washington, D.C., March 28, 1960), *Vital Speeches of the Day*, Vol. 26, No. 17, June 15, 1960, p. 535; Ida C. Merriam, "Social Security Status of the American People," *Social Security Bulletin*, Vol. 23, No. 8, August 1960, p. 15; and Arthur M. Schlesinger, Jr., "The Big Issue," *The Progressive*, Vol. 24, No. 9, September 1960, p. 11. Over the next several years, writers either cited other poverty lines or else cited Lampman's low-income line in conjunction with another--generally a higher--poverty line; see, for instance, Michael Harrington, *The Other America[:] Poverty in the United States*, Baltimore, Penguin Books, 1966 [original edition published in 1962], pp. 176-178.

¹⁵Ornati, p. 148. Ornati's minimum subsistence figure of \$1,929 for 1947 was quite close to Lampman's figure of \$2,000 for that year, while Ornati's figure of \$2,662 for 1960 was extremely close to \$2,647--the value that I have calculated for Lampman's four-person low-income line for 1960.

¹⁶Mollie Orshansky, "How poverty is measured," *Monthly Labor Review*, Vol. 92, No. 2, February 1969, p. 37.

"[i]nvariably this led to an understatement of the number of children in poverty relative to aged persons."¹⁷⁾

Not surprisingly, the overall levels of the two measures were quite close to each other. As noted above, Lampman's four-person low-income line was only 7.6 percent higher in real terms than the SLIF's (nonfarm) family low-income line.¹⁸ For unrelated individuals (as a result of the equivalence scale adopted by Lampman), Lampman's line was 1 percent lower in real terms than the SLIF's line. Accordingly, either measure could be taken as a reasonable approximation of a socially acceptable minimum standard of living for the 1947-1960 period.¹⁹ The reason that the SLIF's measure yields lower poverty rates for persons than Lampman's measure is because the SLIF's measure fails to adjust for family size, not because of any major difference between the overall levels of the two measures. If one were to choose to do analytical work using the low-income population or rate during this period, it would probably be preferable to use Lampman's figures because of the distortions resulting from the SLIF's measure's failure to adjust for family size.

2. Procedures Used to Calculate Poverty (Low Income) Population Estimates for 1947-1963

2.1. Calculating Poverty Line Figures

My first step in calculating poverty population estimates for the 1947-1963 period was to calculate poverty line figures under the two definitions for all years for which they were not already available.

¹⁷Mollie Orshansky, "Poverty Statistics--What They Say and What They Don't Say," a paper presented at an April 11, 1967, conference of the Washington Chapters of the American Statistical Association and the American Marketing Association on "Purposes and Uses of Federal Statistics"--reprinted on pp. 160-170 (see p. 162) in United States Congress, *The Coordination and Integration of Government Statistical Programs[:]* Hearings Before the Subcommittee on Economic Statistics of the Joint Economic Committee..., Washington, D.C., U.S. Government Printing Office, 1967.

¹⁸Even if one were to assume that the SLIF's family low-income line should be compared with the line for a three-person rather than a four-person family, Lampman's three-person low-income line was only 10 percent lower in real terms than the SLIF's (nonfarm) family low-income line.

¹⁹I extended my estimates through 1963 in order to be able to make comparisons with the base years for the Johnson CEA's poverty line (1962) and Orshansky's poverty thresholds (1963).

For the SLIF's definition, the only year for which the poverty line figures were already available was 1948. I made use of the Consumer Price Index (CPI) series with the base period 1947-1949, since this was the version of the series that was available when the SLIF updated its low-income line from its base year 1948 to 1954. From this 1947-1949 base period series, I calculated a base year 1948 CPI series, rounding the results to four significant digits (e.g., 1.117 for 1954). I used the latter series to calculate SLIF low-income lines for 1947 and 1949-1963. (For the resulting low-income lines, see Appendix A. Note that these lines and the Lampman lines in Appendix B reflect the fact that the CPI actually dropped in 1949 and 1955.) I obtained an indirect validation of my procedure when I used the resulting low-income lines for 1954 to calculate poverty population and poverty rate figures for families and unrelated individuals; my results (after rounding) exactly matched the corresponding figures given in the SLIF's October 1955 staff report.

Calculating low-income lines under Lampman's definition was a little more complicated. As indicated above, the years for which poverty line figures were already available were 1947, 1957, and 1963. I was able to determine that Lampman must have calculated his 1963 low-income lines from his 1957 lines by using the CPI series with the base period 1947-1949 (rather than the base period 1957-1959), with the results rounded to four significant digits. Accordingly, from the 1947-1949 base period series I calculated a base year 1957 series, rounding the results to four significant digits, and used the latter series to calculate low-income lines for 1958-1962 from Lampman's 1957 lines. To calculate his 1957 lines from his 1947 lines, Lampman must have used the 1947-1949 base period CPI series (since the 1957-1959 base period series was not available until three years after he prepared his 1959 report). I was able to determine that he must have used a derived series with four significant digits, and that he must have obtained it by truncation rather than rounding.²⁰ To match as closely as possible the low-income lines that Lampman would have gotten if he had calculated them for the whole 1948-1957 period rather than only for 1957, I calculated (from the 1947-1949 base period CPI series) a base year 1947 series, truncating (rather than rounding) the results to four significant digits, and used this series to calculate

²⁰Lampman's four-person low-income line for 1957 was \$2,516, calculated from the corresponding 1947 figure of \$2,000. If he had used a derived CPI series with five or more significant digits, he would have gotten a figure of \$2,517 for 1957. If he had rounded rather than truncated to get a derived CPI series with four significant digits, he would have gotten a figure of \$2,518. If he had used a derived CPI series with three significant digits, he would have gotten a figure of \$2,520 (using rounding) or \$2,500 (using truncation).

low-income lines for 1948-1956 from Lampman's 1947 lines.²¹
(For the resulting low-income lines, see Appendix B.)

Not surprisingly, poverty lines under both the SLIF's definition and Lampman's definition are lower in real terms than the current official poverty thresholds. When the SLIF's low-income line for families (base year 1948) is updated to 1963 (the base year for Orshansky's poverty thresholds) for price changes, the result is \$2,548--equal to 81 percent of Mollie Orshansky's 1963 weighted average nonfarm poverty threshold of \$3,128 for a family of four. (The SLIF's low-income line is also lower than Orshansky's thresholds for larger families, but higher than her thresholds for families of two and three persons.) When Lampman's low-income line for a family of four (base year 1957) is updated to 1963 for price changes, the result is \$2,742--88 percent of Orshansky's average nonfarm threshold for a family of four.

2.2. *The Data Source Used*

Once I had poverty lines for all the years in question, I was able to proceed to calculate poverty population estimates. In place of the no longer extant income microdata, I used published tables showing the distribution of family income by family size; these tables appeared in the Census Bureau's Current Population Reports on the incomes of families and persons in the United States.²² These tables show (in thousands) the total number of unrelated individuals (individuals not in families), the total number of families, and the total numbers of families of specified sizes (from two persons to seven or more persons). For each of these categories, the tables show the percentage of the category (e.g., two-person families) who were found in various income classes (generally \$500-wide income classes during this period).

Beginning with 1958, the tables also show the total number of persons in families, and how those persons were distributed among income classes (by the income of their families). For years before 1958, I found figures for the total number of

²¹In his 1959 paper, for some unknown reason, Lampman gave the low-income line that he used for families of seven or more persons for 1957 (\$3,750), but not the corresponding figure for 1947. By calculating back from the 1957 figure, I arrived at a 1947 low-income figure of \$2,981 for this family size class.

²²See U.S. Bureau of the Census, Current Population Reports, Series P-60, No. 5, *Income of Families and Persons in the United States: 1947*, Washington, D.C., February 7, 1949, and subsequent reports in this series.

persons in families in the Census Bureau's Current Population Reports on household characteristics, in the P-20 series.²³

2.3. Calculating Poverty Population Estimates

For each poverty definition and for each year, I applied the relevant poverty lines to the data in the published Census Bureau tables. I used simple linear interpolation for the income classes within which each poverty line fell. For instance, Lampman's poverty line for unrelated individuals for 1947 was \$920. For that year, 31.8 percent of unrelated individuals were in the under-\$500 income class and 18.9 percent were in the \$500-to-\$999 income class. My estimated (Lampman) poverty rate for that group for that year was $31.8\% + (.840)18.9\% = 31.8\% + 15.9\% = 47.7\%$, with the .840 reflecting the fact that \$920 is $420/500 = .840$ of the way from \$500 to \$1,000. (I simplified the calculation by assuming that the income class extended from \$500 to \$1,000 rather than to \$999 or \$999.99.)

I calculated separate poverty rates for each family size category (including unrelated individuals). After calculating the estimated percentage of each family size category that was in poverty, I computed the number of families in poverty in that size category. I multiplied the number of families of a given size in poverty by the family size to obtain the number of persons in families of that size who were in poverty, and added up the results of this process (along with the number of unrelated individuals in poverty) to obtain the total estimated number of persons in poverty.

For the families-of-seven-or-more-persons category, I had figures that enabled me to calculate the average family size for this category (at all income levels) in each year--e.g., 9.0 persons in 1960, and 7.8 persons in 1962. For each year, I applied the average size figure for all such families to the poor families in the same category, since that was the best approximation available to me.

For Lampman's definition, I of course had to calculate family poverty figures separately for each family size category, since Lampman's poverty lines varied by family size. For the SLIF's definition, I also chose to calculate family poverty figures separately for each family size category, since that enabled me to also calculate the number of persons in families

²³See, for instance, U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 38, *Marital Status and Household Characteristics: April 1951*, Washington, D.C.

(and from that the total number of persons) who were in poverty under that definition.

For 1953 and 1954, no published tables of family income by family size exist.²⁴ Other tables do show how unrelated individuals and all families were distributed among income classes. It is thus possible for those years to calculate poverty statistics for unrelated individuals under both poverty definitions used, and poverty statistics for all families under the SLIF definition. However, it is not possible for those years to calculate poverty statistics for families under the Lampman definition, or to calculate poverty statistics for persons in families under either definition.²⁵

For unrelated individuals, there are published tables which show the distribution of income by race (white and nonwhite) as well as by various other demographic categories. In a later version of this paper, I hope to calculate separate poverty rates for white and nonwhite unrelated individuals under at least one definition. (For unrelated individuals, the poverty lines and thus the poverty rates under the two definitions are so close that it would probably not be worthwhile to calculate poverty rates by race under both definitions.)

For families, there are generally no published tables which show the distribution of income by family size and by other demographic variables in the same table.²⁶ Since the Lampman low-income lines vary by family size, this means that one generally cannot calculate family poverty rates under the Lampman definition for various demographic categories of interest. Since the SLIF family low-income line does not vary by family size, it is theoretically possible to calculate family poverty rates under this definition for various demographic categories. However, since the distribution of families by size can be expected to

²⁴In addition, no unpublished tables of this type are available (personal communication with staff of the Census Bureau's Income Branch, 1985 or 1986). The omission of these tables from the published reports may be associated with the fact that these are the first two years for which tables of family income by the four Census regions were included in the published reports.

²⁵In a later version of this paper, however, I hope to estimate family poverty rates for 1953 and 1954 under the Lampman definition on the basis of the relationship between family poverty rates and real median family income during the other years of this period. For both definitions, I could then assume reasonable average sizes for low-income families for 1953-1954 on the basis of the corresponding figures for adjacent years. This would enable me to calculate estimated poverty rates for all persons for 1953 and 1954 under both definitions.

²⁶One exception to this statement is that for 1947 and 1948, there are tables which show the distribution of family income by family size separately for urban, rural-nonfarm, and rural-farm families.

vary among different demographic categories of interest, I do not propose to calculate separate family poverty rates for such categories, since comparisons of nominal poverty rates across categories would be distorted by the effects of the SLIF's failure to adjust its family low-income line for family size.

2.4. *Assessing My Procedures by Comparing My Results with Figures Published by the SLIF and Lampman*

For the SLIF definition, the poverty figures that I calculated for 1948 and 1954 were exact matches (after rounding) in almost all cases to corresponding figures published in the SLIF reports. For 1948, the SLIF reported that 32 million persons in families (not including unrelated individuals) were in low-income status.²⁷ For the same year, 9.6 million families--25 percent of all families--had incomes below \$2,000, while 4.1 million unrelated individuals--50 percent of all such individuals--had incomes below \$1,000. For 1954, the SLIF reported that 9.4 million families--22 percent of all families--had incomes below \$2,000 in 1948 dollars, while 4.6 million unrelated individuals--48 percent of all such individuals--had incomes below \$1,000 in 1948 dollars.²⁸ For 1954, the corresponding figures that I calculated rounded to exactly the same values in all four cases; for 1948, my figures rounded to exactly the same values in four cases and almost the same value in one case. (My figure for the number of low-income families was 9.687 million, compared to the SLIF's 9.6 million figure; different aggregation and rounding procedures appear to account for this insignificant difference.²⁹) In addition, for 1957 Lampman calculated that 19 percent of all families were below the SLIF's low-income line of \$2,000 (in 1948 dollars)³⁰; the corresponding figure that I calculated under the SLIF's definition rounded to exactly the same value.

²⁷*Low-Income Families and Economic Stability[---]Materials...*, p. 9.

²⁸*Characteristics of the Low-Income Population...*, p. 6.

²⁹Tables for 1948 in both the 1949 and 1955 SLIF staff reports use \$1,000-wide income classes and partially rounded subtotals. (See *Low-Income Families and Economic Stability[---]Materials...*, pp. 9 and 56; and *Characteristics of the Low-Income Population...*, p. 6.) I used the \$500-wide income classes in the Census Bureau's Current Population Reports without aggregating them, and did not round any subtotals.

³⁰Lampman, "The Low Income Population...", p. 13.

I had more difficulty matching the poverty figures that Lampman³¹ calculated under his own definition. I have been able to determine one difference between his and my procedures which accounts for a significant part of the difference between the figures that he and I calculated, and in this case, I believe that my procedure is preferable to his. I have been unable to determine the reasons for the remaining differences between his and my results. The reasons do not include different data sources, as he and I both used the Census Bureau's Current Population Reports.³²

Lampman's figures and the figures that I calculated using his low-income lines³³ for 1947, 1957, 1961, and 1963 are given in the table on the next page. (For Lampman, "consumer units" was the sum of families and unrelated individuals; it is a category that I did not use in my tabulations except for purposes of the comparison here.)

³¹For his 1947 and 1957 figures, Lampman "was assisted in the preparation of the tables by Mr. Ahmad A. Murad..."--Lampman, "The Low Income Population...", p. 3, footnote 1. It is not known whether Lampman had assistance in the preparation of his figures for 1961 and 1963.

³²Lampman, "The Low Income Population...", p. 5, footnote 4; and Lampman, "Population Change and Poverty Reduction...", p. 23 in Fishman.

³³More precisely, I used Lampman's published low-income lines for 1947, 1957, and 1963, while I calculated lines for 1961 (and a line for families of seven or more persons for 1947) as described above.

**Table 1. A Comparison of Lampman's Low-Income Figures
and Low-Income Figures Calculated by Fisher
Using Lampman's Low-Income Lines**

| | <u>Lampman's Figures</u> | <u>Figures Calculated by Fisher</u> |
|--------------------------------|------------------------------|---|
| <u>1947</u> | | |
| Consumer units poor (millions) | 12.7 | 12.8 |
| Consumer units poor (percent) | 28.0% | 28.2% |
| Total persons poor (millions) | 36.6 | 39.2 |
| Total persons poor (percent) | 26% | 27.3% |
| <u>1957</u> | | |
| Consumer units poor (millions) | 11.6 | 11.7 |
| Consumer units poor (percent) | 21.5% | 21.6% |
| Total persons poor (millions) | 32.2 | 33.7 |
| Total persons poor (percent) | 19.1% | 19.9% |
| <u>1961</u> | | |
| Consumer units poor (millions) | 11.8 | 11.4 |
| Consumer units poor (percent) | 20.5% | 19.9% |
| Total persons poor (millions) | 33 | 32.5 |
| Total persons poor (percent) | 18.2% | 17.9% |
| <u>1963</u> | | |
| Consumer units poor (millions) | 11.1 | 10.6 |
| Consumer units poor (percent) | 18.9% | 18.2% |
| Total persons poor (millions) | 31.5 | 30.3 |
| Total persons poor (percent) | 16.8% | 16.2% |

One difference between Lampman's and my procedures which accounts for a significant part of the difference between our figures relates to families of seven or more persons. For 1957, Lampman assumed that the average size of low-income families in this category was 7 persons³⁴, and it can be shown that he made

³⁴Lampman, "The Low Income Population..."--compare Table 1 (p. 6) and Table 10 (p. 15).

the same assumption for 1947 and 1961.³⁵ In my calculations, as noted above, I computed the average size for all families in this category, and assumed that average size could be applied to low-income families in this category. (The average size figures that I used for 1947, 1957, and 1961 were 8.7, 8.3, and 8.3 persons, respectively.) If the actual average size for low-income families in this category could have been determined, presumably it might have been somewhat different from the average size for all families in the category; however, it seems safe to assume that the average size for low-income families would have been closer to the average size for all families than to 7.0 persons. In this case, accordingly, I believe that the assumption I made is preferable to the one that Lampman made. If the averages that I used are plugged into Lampman's calculations, the results would be 38.3 million persons for 1947, 33.5 million persons for 1957, and 34.3 million persons for 1961. This would considerably reduce the difference between Lampman's and my figures for 1947 and 1957. It would widen the difference between us for total persons poor in 1961--but it would also make that difference somewhat more consistent with the difference between us on consumer units.

In addition to the difference described in the previous paragraph, there were additional, often smaller differences between his figures and mine that I have been unable to account for. When I compared his and my results for different family size categories (including unrelated individuals) for different years, some of my figures (after rounding) exactly matched his figures, but others differed--by 0.1 to 0.3 million for the number of families poor, and by 1 to 3 percentage points for the poverty rate for families in the category. I was unable to find any clear pattern in the differences and non-differences. One possible source of differences might be non-linear rather than linear interpolation for the income classes within which the various low-income lines fell.³⁶ Other possible sources of differences would include rounding of subtotals, aggregation of income classes (e.g., aggregating \$500-wide income classes into \$1,000-wide income classes to speed the calculation process), and

³⁵For 1963, by contrast, he assumed that the average size of low-income families in this category was 8.1 persons (see Lampman, "Population Change and Poverty Reduction...", p. 23 in Fishman)--the same figure that I assumed.

³⁶This possibility was suggested independently by Sheldon Danziger, Paul Smith (of the Children's Defense Fund), and Eugene Smolensky.

even possible occasional typographical or computational errors.³⁷

Because of the unexplained differences between Lampman's figures and the figures that I calculated using his low-income lines, I will refer to the latter set of figures as "Lampman(CF)," indicating figures calculated by Fisher using Lampman's low-income definition. Even though my figures do not match Lampman's figures exactly, I am presenting my figures as a series calculated under a single consistent set of procedures and assumptions for the whole 1947-1963 period; as such, I hope that they will have some modest historical and analytical value. Similarly, I will refer to my figures calculated using the SLIF's definition as "SLIF(CF)" (even though in this case there were no unexplained discrepancies).

3. The Results--Poverty Population Estimates for 1947-1963 Under Two Contemporary Standards

3.1. A Summary of the Results

The tables on the following page summarize the estimates by showing poverty rates for persons and for families for 1947-1963 under the SLIF(CF) and Lampman(CF) definitions. (For the rates for persons, see also the graph at the end of the paper. For the complete sets of estimates calculated, see Appendices C and D. In a later version of this paper, I hope to include an appendix showing poverty population statistics for 1962 under the Johnson CEA's poverty definition and under a modified version of that definition that was adjusted for family size, as well as poverty population statistics under the current official definition for 1959-1963.)

³⁷For 1957, for instance, Lampman's 1959 report gives the total number of persons (at all income levels) as 168.3 million (see Lampman, "The Low Income Population...", p. 6), while the actual figure as computed from the Census Bureau's Current Population Reports is 169.769 million persons. For 1963, Lampman's table gives the total number of six-person families as 3.2 million (see Lampman, "Population Change and Poverty Reduction...", p. 23 in Fishman), while the actual figure given in the relevant Census Bureau report is 3.324 million. (Perhaps this was misread as 3.234 million while being rounded.)

**Table 2. Poverty Among Persons from 1947 to 1963
Under the Lampman(CF) and SLIF(CF) Definitions**

| <u>Recessions</u> | <u>Year</u> | <u>SLIF(CF) Definition</u> | <u>Lampman(CF) Definition</u> | <u>(Later Official Definition)</u> |
|-------------------|-------------|--------------------------------|-----------------------------------|--|
| | 1947 | 24.0% | 27.3% | |
| | 1948 | 24.8% | 28.3% | |
| Nov 48-Oct 49) | 1949 | 26.3% | 29.4% | |
| | 1950 | 24.6% | 27.6% | |
| | 1951 | 22.4% | 25.6% | |
| | 1952 | 21.6% | 24.8% | |
| | 1953 | NA | NA | |
| Jul 53-May 54) | 1954 | NA | NA | |
| | 1955 | 19.9% | 22.1% | |
| | 1956 | 17.9% | 19.7% | |
|) | 1957 | 18.1% | 19.9% | |
| Aug 57-Apr 58) | 1958 | 18.3% | 20.1% | |
| | 1959 | 16.8% | 18.6% | 22.4% |
|) | 1960 | 16.7% | 18.5% | 22.2% |
| Apr 60-Feb 61) | 1961 | 16.5% | 17.9% | 21.9% |
| | 1962 | 15.3% | 17.1% | 21.0% |
| | 1963 | 14.5% | 16.2% | 19.5% |

**Table 3. Poverty Among Families from 1947 to 1963
Under the Lampman(CF) and SLIF(CF) Definitions**

| <u>Recessions</u> | <u>Year</u> | <u>SLIF(CF) Definition</u> | <u>Lampman(CF) Definition</u> | <u>(Later Official Definition)</u> |
|-------------------|-------------|--------------------------------|-----------------------------------|--|
| | 1947 | 24.9% | 24.0% | |
| | 1948 | 25.1% | 24.7% | |
| Nov 48-Oct 49) | 1949 | 26.8% | 25.9% | |
| | 1950 | 24.8% | 24.0% | |
| | 1951 | 23.1% | 22.1% | |
| | 1952 | 22.2% | 21.4% | |
| | 1953 | 21.1% | NA | |
| Jul 53-May 54) | 1954 | 22.4% | NA | |
| | 1955 | 20.2% | 19.1% | |
| | 1956 | 18.3% | 17.0% | |
|) | 1957 | 18.5% | 17.0% | |
| Aug 57-Apr 58) | 1958 | 18.5% | 17.0% | |
| | 1959 | 17.4% | 15.9% | 18.5% |
|) | 1960 | 17.2% | 15.5% | 18.1% |
| Apr 60-Feb 61) | 1961 | 17.1% | 15.4% | 18.1% |
| | 1962 | 16.0% | 14.7% | 17.2% |
| | 1963 | 15.2% | 13.8% | 15.9% |

3.2. Comparing the Results

As can be seen, for persons, the SLIF(CF) poverty rate is lower than the Lampman(CF) poverty rate, but the reverse is true for families. This pattern may seem strange at first glance, but it is simply the result of comparing one poverty line unadjusted for family size with another poverty line that is adjusted for family size and that has a four-person line approximately equal to the unadjusted poverty line. In such a situation (and with a distribution of family sizes even approximately similar to that found in the U.S. during the 1950's and 1960's), the size-unadjusted poverty line will identify more two- and three-person families and fewer families larger than four as "poor."³⁸ Since the absolute number of smaller families in the U.S. was (and still is) considerably greater than that of larger families, this means that the number of families counted as "poor" under the size-unadjusted poverty line will be greater than under the size-adjusted poverty line. In addition, since a larger number of smaller families and a smaller number of larger families are identified as "poor" under the size-unadjusted poverty line, the average size of "poor" families will be smaller under that poverty line, making it likely that a smaller number of persons will be counted as "poor" under the size-unadjusted poverty line.³⁹

Since the SLIF(CF) and Lampman(CF) poverty lines are lower in real terms than the current official poverty measure, it is not surprising that poverty rates under the SLIF(CF) and Lampman(CF) poverty lines are lower than those under the current official measure for the years during which the former overlap the official series.

³⁸I put the word "poor" in quotation marks in this specific context to reflect criticisms such as that made by Mollie Orshansky (quoted above in subsection 1.3) of the "odd result" of a poverty line unadjusted for family size (the Johnson CEA's \$3,000 family poverty line).

³⁹For similar findings, see a 1964 Congressional hearing in which Walter Heller, Chairman of the Council of Economic Advisers, briefly compared poverty statistics under the Johnson CEA's size-unadjusted poverty line and under a modification of that poverty line which was adjusted for family size. He noted that the poverty line adjusted for family size showed fewer families but more persons in poverty. (See Walter W. Heller, "Statement of...[the] Chairman of the Council of Economic Advisers" (March 17, 1964), pp. 26-27 in U.S. House of Representatives, Committee on Education and Labor, *Economic Opportunity Act of 1964[:] Hearings Before the Subcommittee on the War on Poverty Program...on H.R. 10440[,]* A Bill to Mobilize the Human and Financial Resources of the Nation to Combat Poverty in the United States[--]Part 1.)

3.3. *How Poverty Rates Responded to Economic Growth and Recessions During the 1947-1963 Period*

The way in which the SLIF(CF) and Lampman(CF) poverty rates responded to economic growth and recessions between 1947 and 1963 were quite similar to the way in which the official poverty rates responded to economic growth and recessions during the 1960's and 1970's (before the economic-growth-and-no-poverty-decrease pattern of the 1980's and early 1990's⁴⁰). Poverty rates under both definitions rose in 1948 and 1949 in response to the November 1948-October 1949 recession. The rates then dropped in 1950, 1951, and 1952, as economic growth resumed. The SLIF(CF) family poverty rate shows that poverty dropped again in 1953, rose in 1954 in response to the July 1953-May 1954 recession, and dropped in 1955 after the resumption of economic growth; poverty rates dropped in 1956 under both definitions as growth continued. As a result of the August 1957-April 1958 recession, poverty rates in 1957 and 1958 showed essentially no change from the 1956 level. (Apparent small increases would almost certainly have been below the level of statistical significance if that had been calculated.) Poverty rates dropped in 1959 as the economy recovered, but were close to stagnating again in 1960 and 1961 as a result of the April 1960-February 1961 recession. As the economy got "moving again" after early 1961, poverty rates dropped in 1962 and 1963. (Real median family income showed a very similar pattern during this period, although with income rising when poverty dropped and vice versa.)

It is interesting that the poverty rate responses shown by the SLIF(CF) statistics were very similar to those shown by the Lampman(CF) statistics, even though the SLIF(CF) poverty line was not adjusted for family size.

3.4. *Shedding a Little More Light on an Economic "Disturbance"*

While the poverty statistics presented here do not relate to any outright economic "shocks" (the theme of this year's Economic History Association meeting), they do add a few more details to the picture of what one might perhaps call an economic "disturbance"--"the drastic slowdown in the rate at which the [U.S.] economy is taking people out of poverty" during 1956-1961 as compared to 1947-1956. The quoted language is taken from the May 1963 memorandum on "Poverty and Progress" sent by Walter Heller to President Kennedy which is referred to in subsection 1.2 above; this memorandum played a significant role in the

⁴⁰For this pattern during the 1980's, see Rebecca M. Blank, "Why were Poverty Rates so High in the 1980s?", pp. 21-55 in Dimitri B. Papadimitriou and Edward N. Wolff (editors), *Poverty and Prosperity in the USA in the Late Twentieth Century*, New York, St. Martin's Press, 1993.

sequence of events that led to the 1964 declaration of the War on Poverty. The statistics and analysis for the memorandum were prepared by Robert Lampman; indeed, the language describing the "drastic slowdown" was taken almost verbatim from an analysis that Lampman had prepared the previous week.⁴¹ Lampman documented his analysis thoroughly, using figures from 1947, 1950, 1953, 1956, 1957, and 1961 on families below an early version of the CEA's family poverty line to show the solid 1947-1956 drop in poverty and the much slower decrease from 1956 to 1961. He confirmed his conclusion by using poverty figures under his own definition for 1947, 1957, and 1961.

Lampman's conclusion scarcely needs the further confirmation provided by the poverty statistics presented in this paper. Instead, what the statistics presented here add is a slightly clearer picture of the difference between the two periods that Lampman discussed. At first one might wonder if there were more recessions during the second period than during the first, but the record shows that there were two recessions during each period. Instead, the year-by-year figures show that the difference between the two periods is that the first period had significantly more years of solid economic growth--years when poverty rates dropped--than did the second period. During the first period, poverty rates showed clear decreases for 1950, 1951, 1952, 1953, 1955, and 1956. During the second period, poverty rates showed a clear decrease only for 1959.

4. Withdrawing an Inappropriate Set of Estimates of "Poverty" for 1947-1958

4.1. The Estimates Being Withdrawn

In 1985-1986, before I began my major work on the history of poverty lines in the U.S.⁴², I prepared a set of estimates of the U.S. poverty population under the current official definition during 1947-1958. I developed these estimates by following procedures that were much the same as those described above in section 2. (I was inspired to prepare these estimates by the work of Carol Fendler of the Census Bureau's Poverty Statistics

⁴¹See Robert J. Lampman, "Notes on Changes in the Distribution of Wealth and Income From 1953 through 1961-62," April 25, 1963, p. 1. I am grateful to Betty Evanson for sending me a copy of this analysis.

⁴²For this work, see especially the long unpublished papers cited in footnotes 2, 5, and 45. See also Gordon M. Fisher, "Poverty Lines and Measures of Income Inadequacy in the United States Since 1870: Collecting and Using a Little-Known Body of Historical Material" (a paper presented October 17, 1997, at the 22nd Meeting of the Social Science History Association in Washington, D.C.).

Staff, who in 1984 had prepared similar unpublished estimates for 1947, 1950, and 1955.⁴³) My estimates were never published, but have been cited in a number of publications.⁴⁴ As one would expect from the relative levels of the poverty lines involved, my estimates of the number and proportion of persons below the (price-adjusted) Orshansky thresholds between 1947 and 1958 were higher than the poverty statistics presented in this paper; for 1949, for instance, I estimated that 34.3 percent of all persons were below the Orshansky thresholds, compared with poverty rates of 26.3 percent under the SLIF(CF) definition and 29.4 percent under the Lampman(CF) definition.

While I was working on these estimates, I mentioned them to Mollie Orshansky. She criticized what I was doing, saying that it was inappropriate to take a poverty measure developed during the 1960's and apply it to the 1940's and 1950's. She was correct in her criticism. There is extensive historical evidence--summarized in Appendix E--that successive poverty lines (and subsistence budgets) developed as absolute poverty lines tend to rise in real terms as the real income of the general

⁴³I made several technical modifications in the procedures that Fendler had used. For earlier estimates of the poverty population under the current official definition during 1947-1958, see Chart 10, "Number of Poor Persons and Incidence of Poverty," p. 154 in *Economic Report of the President Transmitted to the Congress January 1969 Together With the Annual Report of the Council of Economic Advisers*, Washington, United States Government Printing Office, 1969 [the estimates underlying this chart were actually based on the unmodified (pre-August-1969) Orshansky thresholds]; and Irving Leveson, *Poverty and Public Policy* (HI-2307-RR--a study conducted as part of a project of U.S. social policy studies conducted under a grant from the Office of Economic Opportunity), Croton-on-Hudson, New York, Hudson Institute, Inc., July 14, 1975, pp. A-2 and A-3 in Appendix A, "Statistical Analysis," to Chapter IV, "Poverty and the National Economy." For estimates of the poverty population under the current official definition calculated from public use sample tapes for the 1940 through 1980 Decennial Censuses, see Christine Ross, Sheldon Danziger, and Eugene Smolensky, "The Level and Trend of Poverty in the United States, 1939-1979," *Demography*, Vol. 24, No. 4, November 1987, pp. 587-600. (An earlier version of this article was completed in June 1985 as a report under a contract with the Department of Health and Human Services. See also Christine Ross, Sheldon Danziger, and Eugene Smolensky, "The Level and Trend of Poverty, 1939-1979" (Institute for Research on Poverty Discussion Paper no. 790-85), December 1985.)

⁴⁴See, for instance, Sanford F. Schram and Paul H. Wilken, "It's No 'Laffer' Matter: Claim That Increasing Welfare Aid Breeds Poverty and Dependence Fails Statistical Test," *American Journal of Economics and Sociology*, Vol. 48, No. 2, April 1989, p. 217 (footnote 23); Kathy Hayes, D.J. Slottje, and Michael Nieswiadomy, "Multivariate Exogeneity Tests and Poverty[--]Some Evidence on the Perception of Poverty," *Economics Letters*, Vol. 33, No. 4, August 1990, p. 397; Constance F. Citro and Robert T. Michael (editors), *Measuring Poverty: A New Approach*, Washington, D.C., National Academy Press, 1995, p. 460; and Robert D. Plotnick, Eugene Smolensky, Eirik Evenhouse, and Siobhan Reilly, "Inequality, poverty, and the fisc in twentieth-century America," *Journal of Post Keynesian Economics*, Vol. 21, No. 1, Fall 1998, p. 59.

population rises--a phenomenon that has been termed "the income elasticity of the poverty line."⁴⁵ Accordingly, poverty lines developed during the 1940's and 1950's, when the real income of the general population was lower than in the 1960's, were generally lower in real terms--rather than equal to--a poverty line developed during the 1960's. Because of Orshansky's valid criticism, I included a cautionary note with my estimates: "This work should not be taken to imply that the current poverty measure is an appropriate measure of need to apply to a period some twenty years distant in time from the year (1964) in which it was developed." I noted that a poverty measure developed during the 1940's probably would have been lower in constant dollars than the current official measure, and would thus have yielded a lower poverty count than that resulting from applying the current official measure to those years. I subsequently sharpened that cautionary note, citing two specific examples of poverty counts under contemporary definitions of poverty (the same two definitions used in the present paper) that were indeed lower than the results of applying the current measure to the 1940's and 1950's, and stating that such estimates under contemporary poverty definitions (rather than under the current official definition) would provide the correct answer to questions about how many people were actually in poverty during those years. (Indeed, in the present paper I am implementing the course of action that I suggested in that cautionary note.) Unfortunately, these cautions have often been disregarded by users of the estimates that I prepared.

If I had known in 1985-1986 what I know now about the history of poverty lines and budgets in the U.S. since 1870 and the income elasticity of the poverty line, I would not have prepared the estimates that I prepared--even with a strengthened cautionary note. As the person who prepared the 1985-1986 estimates, I would have to say that my professional judgment now is that those estimates do not provide an adequate answer to the

⁴⁵For an exhaustive (78-page) compilation of this evidence from the U.S. and three other countries, see Gordon M. Fisher, "Is There Such a Thing as an Absolute Poverty Line Over Time? Evidence from the United States, Britain, Canada, and Australia on the Income Elasticity of the Poverty Line" (unpublished paper), August 1995. (This paper is available on the WorldWide Web at <<http://www.census.gov/hhes/poverty/povmeas/papers/elastap4.html>>.) A 9-page summary of this paper is available on the WorldWide Web at <<http://aspe.hhs.gov/poverty/papers/elassmiv.htm>>. For brief summaries of the U.S. evidence in the full paper, see Gordon M. Fisher, "Disseminating the Administrative Version and Explaining the Administrative and Statistical Versions of the Federal Poverty Measure," *Clinical Sociology Review*, Vol. 15, 1997, pp. 171-174; and Gordon M. Fisher, "Relative or Absolute--New Light on the Behavior of Poverty Lines Over Time," *GSS/SSS Newsletter* [Joint Newsletter of the Government Statistics Section and the Social Statistics Section of the American Statistical Association], Summer 1996, pp. 10-12. (The latter article is available on the WorldWide Web at <<http://aspe.hhs.gov/poverty/papers/relabs.htm>>.)

question of how many Americans were in poverty during the 1940's and 1950's. Accordingly, I withdraw them; in their stead, the estimates in the present paper are my best answer to questions about the extent of poverty during that period.

4.2. *Is It Appropriate to Apply a 1960's Poverty Line to the 1940's and 1950's?*

Why do I believe that a poverty line developed in the 1960's cannot be used to tell how many Americans were in poverty during the 1940's and 1950's (or in earlier decades)? The answer grows out of my study of the history of poverty lines and budgets in the U.S. During that study, I went over more than forty poverty lines and subsistence budgets developed in the U.S. during the 1900-1965 period. I studied not only the dollar figures presented by the developers of these poverty lines and budgets but also their work and the procedures that they followed. Based on this study, my assessment is that the people who developed those poverty lines (up to and including Orshansky) were generally trying to develop a figure that would approximate a rough social consensus about the level of a socially acceptable minimum standard of living at the time they were doing their work.⁴⁶

This assessment seems to have been borne out in the case of the poverty definitions used in this paper. As noted in section 1, there are indications that both the SLIF's low-income line and Lampman's low-income line were reasonably close to a socially acceptable minimum standard of living at the points in time at which they were respectively developed. Furthermore, there is some evidence that at the time Orshansky's poverty thresholds were developed, they approximated a rough social consensus about

⁴⁶Fisher, "Disseminating...and Explaining...Versions of the Federal Poverty Measure," pp. 174-175.

an acceptable minimum standard of living both among poverty line experts and among the general population.⁴⁷

Accordingly, stating that Orshansky's poverty thresholds were higher in real terms than the SLIF's and Lampman's low-income lines is tantamount to saying that the socially acceptable minimum standard of living was somewhat higher during the 1960's than it was during the 1940's and 1950's. Applying Orshansky's poverty thresholds to 1947 (or to other years during the period in question) would then identify a group that included not only the people below the socially acceptable minimum standard of 1947 but some people who were above the minimum standard of 1947 (even though some analyst far in their future might find them to be below the minimum standard of 1963). Such an inclusion in a population labeled "poor" of people above the minimum standard of the time is why it is inappropriate to apply poverty thresholds of the 1960's to the 1940's and the 1950's.

The correct identification of the population below the minimum standard of the time is important, in turn, because of one of the main reasons that we study poverty in the context of public policy: concern about poverty's undesirable social consequences. These undesirable consequences can be expected to be concentrated among those who are below the socially acceptable minimum standard of living at the time in question. As John Kenneth Galbraith wrote, the poor "cannot have what the larger community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgment of the larger community that they are indecent. They are degraded for, in the literal sense, they live outside the grades or categories which the community regards as acceptable."⁴⁸ (By now we are familiar with the way in which negative attitudes on the part of the larger community can lead to negative outcomes for the

⁴⁷Denton R. Vaughan, "Exploring the Use of the Public's Views to Set Income Poverty Thresholds and Adjust Them Over Time," *Social Security Bulletin*, Vol. 56, No. 2, Summer 1993, p. 28; and Fisher, "Disseminating...and Explaining...Versions of the Federal Poverty Measure," p. 175. Due to time limitations, my examination in the latter article of expert-developed poverty lines during the 1959-1964 period was done on the basis of current dollars. If it were redone on the basis of constant dollars, it would probably show that Orshansky's poverty thresholds were towards the low end of the rough consensus among experts during this period about the level of a socially acceptable minimum standard of living. Note that Orshansky actually developed two sets of poverty thresholds, and it was the lower of the two sets that was adopted by the Office of Economic Opportunity (OEO) as a working definition of poverty in May 1965 (Fisher, "The Development and History of the Poverty Thresholds," pp. 3-4; and Fisher, "Income (In-)Adequacy? The Official Poverty Line...", pp. 26-27). A reexamination of expert-developed poverty lines during the 1959-1964 period on the basis of constant dollars should include Orshansky's higher threshold as well as the lower one that was adopted by OEO.

⁴⁸John Kenneth Galbraith, *The Affluent Society*, New York, New American Library, 1964 [original edition published in 1958], p. 251.

disadvantaged in such areas as educational achievement.) Furthermore, the undesirable social consequences of poverty sometimes play a role in determining the socially acceptable minimum standard of living at a particular time.⁴⁹ For instance, the reason for using minimum food budgets in determining poverty lines (whether as part of a full-fledged standard budget or by a component-and-multiplier technique such as Orshansky's) is the undesirable social consequences of a family's not being able to afford a minimum adequate diet: child malnutrition, failure of children to learn well in school, and inability of adult family members to perform well at work. (Note also that in 1917, a labor advocate and a public health statistician set a "line of adequate subsistence" on the basis of the income level below which infant mortality was disproportionately high.⁵⁰)

By arguing that poverty should be measured in accordance with the standards of the time, and opposing the idea that it can appropriately be measured by a standard adjusted for price changes only for an indefinite period into the past (or the future), I realize that I am advocating a relative or quasi-relative poverty measure. I also realize that a number of American analysts feel an almost visceral discomfort with anything resembling a relative poverty line. "How can you say," someone might ask, "that the poverty rate was 19.9 percent in 1957 [by the contemporary Lampman(CF) definition] and 19.5 percent in 1963 [by the contemporary Orshansky definition] when real median family income in 1963 was 16 percent higher than in 1957?" One can only respond that there is extensive empirical historical evidence (as summarized in Appendix E) that poverty lines and the associated social standards tend to rise in real terms as the real income of the general population rises; such empirical historical evidence will not evaporate because someone feels uncomfortable with it.

"But how can you do regressions over time with numbers like that?", someone might ask. To that, my response must be to ask how anyone can do regressions over a decades-long period with a "poverty" series adjusted only for price changes. When Orshansky presented her poverty thresholds (for the base year 1963) in her

⁴⁹For a recent call for social scientists to study empirically the relationship between family income/resources and undesirable social outcomes (in such areas as family stability and instability, health status and mortality, food insecurity, and school performance), see Denton R. Vaughan, "Self-Assessments of Income Needs and Financial Circumstances: Two Decades of Seeking a Place in Federal Household Surveys," *American Statistical Association[:]* 1996 Proceedings of the Government Statistics Section.

⁵⁰W. Jett Lauck and Edgar Sydenstricker, *Conditions of Labor in American Industries[:]* A Summarization of the Results of Recent Investigations, New York, Funk & Wagnalls, 1917, pp. 371-372.

January 1965 article, she presented them as a measure of income inadequacy--as the answer to the question "how much, on an average, is too little," rather than to the question "how much is enough"; she described families living below her poverty thresholds as "lack[ing] the wherewithal to live at anywhere near a tolerable level."⁵¹ But for 1923, Dorothy Douglas had described an income level (for a family of five) equal in constant dollars to 102 percent of Orshansky's poverty threshold as "represent[ing] the attainment of the highest class of wage-earners and the cynosure of the rest."⁵² And for 1907, Margaret Byington had described families with incomes at or above a constant-dollar level equal to 92 percent of Orshansky's five-person threshold as "liv[ing] well" and "satisfy[ing]...the reasonable ambitions of an American who puts his life into his work."⁵³ When families at the same constant-dollar income level are described for 1907 and 1923 in socioeconomic terms that differ so greatly from those used to describe them for 1963, it is difficult to see how anyone could seriously argue that a regression involving families at that level over the 1907-1963 or 1923-1963 period was really dealing with a single entity.⁵⁴

Some authors dealing with poverty over decades-long periods have raised questions about the validity of applying a constant-dollar poverty line from the 1960's to 1939 or 1920, but have nevertheless gone on to use such a constant-dollar poverty line.⁵⁵ While I admire and respect these authors' knowledge and experience in the field of poverty studies, I must respectfully disagree with them in their decision to use a constant-dollar poverty line over such long periods. Another author, Linda Barrington, raised similar questions about the validity of a long-term constant-dollar poverty line, and developed and used a significantly lower poverty line for 1939 that was "more

⁵¹Mollie Orshansky, "Counting the Poor: Another Look at the Poverty Profile," *Social Security Bulletin*, Vol. 28, No. 1, January 1965, pp. 3 and 4.

⁵²Fisher, "From Hunter to Orshansky..." (1997 revision), pp. 28-29.

⁵³Fisher, "From Hunter to Orshansky..." (1997 revision), pp. 19-20 and endnotes 90 and 91.

⁵⁴By contrast, there are no comparable conceptual problems with running multi-decade regressions involving such variables as real per capita income and measures of income inequality.

⁵⁵See, for instance, Ross, Danziger, and Smolensky, "The Level and Trend of Poverty in the United States, 1939-1979" (cited in footnote 43), pp. 587-588; and Plotnick, Smolensky, Evenhouse, and Reilly (cited in footnote 44), pp. 59-62.

representative of societal standards during the depression...."⁵⁶ I agree with her approach.

4.3. *Is It Appropriate to Apply a 1960's Poverty Line to the 1980's and 1990's?*

In the original cautionary note to my 1985-1986 estimates, as noted above, I implied that the current official poverty measure is not "an appropriate measure of need to apply to a period some twenty years distant in time from the year (1964) in which it was developed." As a careful reader might infer from my wording, my judgment is that it is inappropriate to apply a (price-adjusted) 1960's poverty line not only to the 1940's and 1950's, but also to the 1980's and 1990's.⁵⁷ Although the rate of growth of the real income of the general population did slow significantly after 1973, that real income was at a somewhat higher level during the 1980's and 1990's than it was in 1963. Accordingly, the socially acceptable minimum standard of living during the 1980's and 1990's can be expected to be higher in real terms than it was in 1963⁵⁸, so it would be inappropriate to apply the 1960's official poverty line to the 1980's and 1990's. Note that as early as 1979, Carol Fendler and Mollie Orshansky presented an updated Orshansky-style poverty line brought "into closer conformity with more recent family expenditure patterns" (that is, based on data from the 1965 rather than 1955 Household Food Consumption Survey); for a four-person family, the updated threshold was 20 percent higher in real terms than the official

⁵⁶Linda Barrington, "Estimating Earnings Poverty in 1939: A Comparison of Orshansky-Method and Price-Indexed Definitions of Poverty," *Review of Economics and Statistics*, Vol. 79, No. 3, August 1997, pp. 406-414; the quotation is from p. 413. See also Linda Barrington, *Beneath the Poverty Line During the Great Depression: The Measurement and Demographic Composition of Poverty in 1939* (unpublished Ph.D. dissertation), University of Illinois at Urbana-Champaign, 1991.

⁵⁷Note that in her recent article, Barrington writes, "Simply revising the poverty line for changes in the cost of living must be seriously questioned as an effective means of constructing poverty lines that are meant to represent the societal standards of the time period of interest....Opening the window of history back to 1939 indicts by historical analogy the continual price indexing of the U.S. poverty line if the objective is accurate identification of the incidence, trends, and demographics of poverty" (Barrington, "Estimating Earnings Poverty...", p. 413). And Ross, Danziger, and Smolensky, while applying a (price-adjusted) 1960's poverty line to 1939 and 1949, write, "If our 1939 and 1949 lines are considered too high, then by analogy, the current official poverty lines must be too low. Yet this case is rarely made" (Ross, Danziger, and Smolensky, "The Level and Trend of Poverty in the United States, 1939-1979" (cited in footnote 43), p. 588).

⁵⁸Note that the Gallup Poll's "get-along" amount (for which see Appendix E below) was indeed higher in real terms during the 1980's than in 1963 (see Vaughan, "Exploring the Use of the Public's Views...", p. 40, Table A2).

nonfarm threshold.⁵⁹ (An estimate of poverty in 1977 under these updated thresholds is shown on the graph at the end of this paper.)

For whatever reasons, research on the specific issue of income adequacy⁶⁰ has not been very popular in the U.S. during the last three decades. Accordingly, persons interested in determining a socially acceptable minimum standard of living for the U.S. for the 1990's do not have an extensive body of findings to draw on.⁶¹ However, based on a review of scattered analyses and studies which I have run across over the last decade--calculations by Patricia Ruggles⁶², standard budgets by John Schwarz and Thomas Volgy⁶³ and by Trudi Renwick and Barbara

⁵⁹Carol Fendler and Orshansky, "Improving the Poverty Definition," *American Statistical Association[:]* 1979 *Proceedings of the Social Statistics Section*, pp. 640-645. For a discussion of this paper and of a slightly longer version of it, see Fisher, "The Development of the Orshansky Poverty Thresholds and Their Subsequent History..." (unpublished--1997 revision), pp. 42-45.

⁶⁰For a discussion by a leading British poverty researcher of social science approaches that can be used to determine socially defined standards of the minimum adequacy of resources (income), see John Veit-Wilson, *Setting adequacy standards[:]* *How governments define minimum incomes*, Bristol, United Kingdom, The Policy Press, 1998, pp. 12-20.

⁶¹Again, note the recent call by Vaughan for social scientists to study empirically the relationship between family income/resources and undesirable social outcomes (see footnote 49).

⁶²Patricia Ruggles, *Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy*, Washington, D.C., Urban Institute Press, 1990, pp. 53-55.

⁶³John E. Schwarz and Thomas J. Volgy, *The Forgotten Americans*, New York, W.W. Norton & Company, 1992, pp. 42-52; see also John E. Schwarz, *Illusions of Opportunity: The American Dream in Question*, New York, W.W. Norton & Company, 1997, pp. 63-64, 67, 181 (note 16), and 184 (note 28).

Bergmann⁶⁴, and other articles⁶⁵--my assessment is that a socially acceptable minimum standard of living during the 1980's and 1990's would be on the order of 150 percent of the current official poverty line.⁶⁶

⁶⁴Trudi J. Renwick and Barbara R. Bergmann, "A Budget-Based Definition of Poverty, With an Application to Single-Parent Families," *Journal of Human Resources*, Vol. 28, No. 1, Winter 1993, pp. 1-24; and Trudi Renwick, "Budget-Based Poverty Measurement: 1992 Basic Needs Budgets," pp. 573-582 in *American Statistical Association[:] 1993 Proceedings of the Social Statistics Section*.

⁶⁵Joseph C. Edozien, Boyd R. Switzer, and Rebecca B. Bryan, "Medical evaluation of the special supplemental food program for women, infants, and children," *American Journal of Clinical Nutrition*, Vol. 32, No. 3, March 1979, pp. 678, 680, and 683; Laura E. Montgomery, John L. Kiely, and Gregory Pappas, "The Effects of Poverty, Race, and Family Structure on US Children's Health: Data from the NHIS, 1978 through 1980 and 1989 through 1991," *American Journal of Public Health*, Vol. 86, No. 10, October 1996, p. 1402; Kathryn Edin and Laura Lein, *Making Ends Meet: How Single Mothers Survive Welfare and Low-Wage Work*, New York, Russell Sage Foundation, 1997, pp. 222-224; Mary Beth Ofstedal and Jennifer H. Madans, "Family Structure and Women's Health," pp. 1-10 in *American Statistical Association[:] 1992 Proceedings of the Social Statistics Section*; and William O'Hare, Taynia Mann, Kathryn Porter, and Robert Greenstein, *Real Life Poverty in America[:] Where the American Public Would Set the Poverty Line* (A Center on Budget and Policy Priorities and Families USA Foundation Report), July 1990, pp. 17-19.

⁶⁶This is in terms of the Census Bureau's official definition of income (total money income before taxes) used to calculate current official poverty statistics; most if not all of the analyses and studies that I cited will have used this definition or a very similar one. In a number of cases, it would be difficult to "translate" figures using this definition of income to equivalent figures using the definition of family resources [income] proposed in the 1995 report of the National Research Council's Panel on Poverty and Family Assistance (Constance F. Citro and Robert T. Michael (editors), *Measuring Poverty: A New Approach*, Washington, D.C., National Academy Press, 1995). However, note that the Panel, after a review that included some but not all of the analyses and studies that I have cited, recommended that the poverty threshold for its reference family be set within a range equivalent to between 114 and 133 percent of the current official poverty threshold for such a family; this increase was specifically intended to take into account the real growth in the general population's standard of living since the official poverty thresholds were first established three decades ago (Citro and Michael, pp. 6, 54-57, 106, 142, and 146-154).

APPENDIX A

LOW-INCOME LINES UNDER THE SLIF DEFINITION
(as calculated by Fisher)

| <u>Year</u> | <u>Unrelated Individuals</u> | <u>Families</u> |
|-------------|----------------------------------|-----------------|
| 1947 | \$ 929 | \$1,858 |
| 1948 | 1,000 | 2,000 |
| 1949 | 990 | 1,980 |
| 1950 | 1,000 | 2,000 |
| 1951 | 1,080 | 2,160 |
| 1952 | 1,104 | 2,208 |
| 1953 | 1,113 | 2,226 |
| 1954 | 1,117 | 2,234 |
| 1955 | 1,114 | 2,228 |
| 1956 | 1,130 | 2,260 |
| 1957 | 1,169 | 2,338 |
| 1958 | 1,201 | 2,402 |
| 1959 | 1,212 | 2,424 |
| 1960 | 1,231 | 2,462 |
| 1961 | 1,243 | 2,486 |
| 1962 | 1,258 | 2,516 |
| 1963 | 1,274 | 2,548 |

APPENDIX B

LOW-INCOME LINES UNDER THE LAMPMAN DEFINITION
(as calculated by Fisher)

| <u>Year</u> | <u>1 Person</u> | <u>2 Persons</u> | <u>3 Persons</u> | <u>4 Persons</u> | <u>5 Persons</u> | <u>6 Persons</u> | <u>7 or more Persons</u> |
|-------------|-----------------|------------------|------------------|------------------|------------------|------------------|--------------------------|
| 1947 | \$ 920 | \$1,302 | \$1,674 | \$2,000 | \$2,296 | \$2,572 | \$2,981 |
| 1948 | 990 | 1,401 | 1,801 | 2,152 | 2,470 | 2,767 | 3,208 |
| 1949 | 980 | 1,387 | 1,783 | 2,130 | 2,445 | 2,739 | 3,175 |
| 1950 | 990 | 1,401 | 1,801 | 2,152 | 2,470 | 2,767 | 3,208 |
| 1951 | 1,069 | 1,513 | 1,945 | 2,324 | 2,668 | 2,989 | 3,464 |
| 1952 | 1,093 | 1,547 | 1,989 | 2,376 | 2,728 | 3,056 | 3,541 |
| 1953 | 1,101 | 1,558 | 2,004 | 2,394 | 2,748 | 3,079 | 3,568 |
| 1954 | 1,106 | 1,565 | 2,012 | 2,404 | 2,760 | 3,092 | 3,583 |
| 1955 | 1,102 | 1,560 | 2,005 | 2,396 | 2,751 | 3,081 | 3,571 |
| 1956 | 1,119 | 1,583 | 2,036 | 2,432 | 2,792 | 3,128 | 3,625 |
| 1957 | 1,157 | 1,638 | 2,106 | 2,516 | 2,888 | 3,236 | 3,750 |
| 1958 | 1,188 | 1,682 | 2,163 | 2,584 | 2,966 | 3,323 | 3,851 |
| 1959 | 1,200 | 1,699 | 2,184 | 2,609 | 2,995 | 3,356 | 3,889 |
| 1960 | 1,217 | 1,723 | 2,216 | 2,647 | 3,038 | 3,404 | 3,945 |
| 1961 | 1,230 | 1,741 | 2,239 | 2,675 | 3,070 | 3,440 | 3,986 |
| 1962 | 1,245 | 1,762 | 2,266 | 2,707 | 3,107 | 3,482 | 4,035 |
| 1963 | 1,261 | 1,785 | 2,296 | 2,742 | 3,148 | 3,527 | 4,088 |

ESTIMATES OF PERSONS, FAMILIES, AND UNRELATED INDIVIDUALS IN POVERTY UNDER THE SLIP DEFINITION, 1947-1963
(as calculated by Fisher)

| <u>Recessions</u> | <u>Year</u> | <u>All Persons*</u> | | <u>Pers. in Families</u> | | <u>Families</u> | | <u>Unrelated Individ.*</u> | |
|-------------------|-------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|
| | | <u>Poor</u> <u>(000)</u> | <u>Percent</u> <u>Poor</u> | <u>Poor</u> <u>(000)</u> | <u>Percent</u> <u>Poor</u> | <u>Poor</u> <u>(000)</u> | <u>Percent</u> <u>Poor</u> | <u>Poor</u> <u>(000)</u> | <u>Percent</u> <u>Poor</u> |
| Nov 48-Oct 49) | 1947 | 34,501 | 24.0% | 30,634 | 22.6% | 9,290 | 24.9% | 3,867 | 48.0% |
| | 1948 | 36,148 | 24.8% | 32,064 | 23.3% | 9,687 | 25.1% | 4,084 | 50.2% |
| | 1949 | 39,141 | 26.3% | 34,865 | 24.9% | 10,488 | 26.8% | 4,276 | 48.4% |
| Jul 53-May 54) | 1950 | 37,002 | 24.6% | 32,488 | 23.0% | 9,859 | 24.8% | 4,514 | 49.1% |
| | 1951 | 34,216 | 22.4% | 29,889 | 20.8% | 9,354 | 23.1% | 4,327 | 48.0% |
| | 1952 | 33,340 | 21.6% | 29,167 | 20.1% | 9,092 | 22.2% | 4,173 | 42.7% |
| | 1953 | NA | NA | NA | NA | 8,694 | 21.1% | 4,224 | 44.4% |
| 1954 | NA | NA | NA | NA | 9,393 | 22.4% | 4,590 | 47.7% | |
| Aug 57-Apr 58) | 1955 | 32,538 | 19.9% | 28,153 | 18.3% | 8,671 | 20.2% | 4,385 | 44.9% |
| | 1956 | 29,756 | 17.9% | 25,584 | 16.3% | 7,931 | 18.3% | 4,172 | 43.2% |
| | 1957 | 30,661 | 18.1% | 26,360 | 16.5% | 8,093 | 18.5% | 4,301 | 41.7% |
| | 1958 | 31,650 | 18.3% | 27,102 | 16.7% | 8,189 | 18.5% | 4,548 | 42.3% |
| 1959 | 29,702 | 16.8% | 25,271 | 15.2% | 7,861 | 17.4% | 4,431 | 41.4% | |
| Apr 60-Feb 61) | 1960 | 29,938 | 16.7% | 25,611 | 15.2% | 7,834 | 17.2% | 4,327 | 39.7% |
| | 1961 | 29,855 | 16.5% | 25,524 | 15.0% | 7,943 | 17.1% | 4,331 | 38.8% |
| | 1962 | 28,129 | 15.3% | 24,021 | 13.9% | 7,518 | 16.0% | 4,108 | 37.3% |
| | 1963 | 27,119 | 14.5% | 22,993 | 13.1% | 7,209 | 15.2% | 4,126 | 36.9% |

* excludes unrelated individuals aged under 14 years

APPENDIX D

ESTIMATES OF PERSONS, FAMILIES, AND UNRELATED INDIVIDUALS IN POVERTY UNDER THE LAMPMAN DEFINITION, 1947-1963
(as calculated by Fisher)

| Recessions | Year | All Persons* | | Pers. in Families | | Families | | Unrelated Individ.* | |
|----------------|------|---------------|-----------------|-------------------|-----------------|---------------|-----------------|---------------------|-----------------|
| | | Poor (000) | Percent Poor | Poor (000) | Percent Poor | Poor (000) | Percent Poor | Poor (000) | Percent Poor |
| Nov 48-Oct 49) | 1947 | 39,229 | 27.3% | 35,386 | 26.1% | 8,932 | 24.0% | 3,843 | 47.7% |
| | 1948 | 41,329 | 28.3% | 37,285 | 27.1% | 9,502 | 24.7% | 4,044 | 49.7% |
| | 1949 | 43,643 | 29.4% | 39,411 | 28.2% | 10,143 | 25.9% | 4,232 | 47.9% |
| Jul 53-May 54) | 1950 | 41,397 | 27.6% | 36,920 | 26.2% | 9,539 | 24.0% | 4,477 | 48.7% |
| | 1951 | 39,027 | 25.6% | 34,718 | 24.2% | 8,948 | 22.1% | 4,309 | 47.8% |
| | 1952 | 38,395 | 24.8% | 34,251 | 23.6% | 8,792 | 21.4% | 4,144 | 42.4% |
| | 1953 | NA | NA | NA | NA | NA | NA | 4,205 | 44.2% |
| 1954 | NA | NA | NA | NA | NA | NA | 4,571 | 47.5% | |
| Aug 57-Apr 58) | 1955 | 36,078 | 22.1% | 31,713 | 20.6% | 8,184 | 19.1% | 4,365 | 44.7% |
| | 1956 | 32,804 | 19.7% | 28,661 | 18.3% | 7,404 | 17.0% | 4,143 | 42.9% |
| | 1957 | 33,706 | 19.9% | 29,436 | 18.5% | 7,418 | 17.0% | 4,270 | 41.4% |
| Apr 60-Feb 61) | 1958 | 34,773 | 20.1% | 30,268 | 18.7% | 7,497 | 17.0% | 4,505 | 41.9% |
| | 1959 | 32,853 | 18.6% | 28,454 | 17.2% | 7,175 | 15.9% | 4,399 | 41.1% |
| | 1960 | 33,137 | 18.5% | 28,842 | 17.1% | 7,046 | 15.5% | 4,295 | 39.4% |
| 1963 | 1961 | 32,503 | 17.9% | 28,205 | 16.6% | 7,124 | 15.4% | 4,298 | 38.5% |
| | 1962 | 31,588 | 17.1% | 27,535 | 15.9% | 6,902 | 14.7% | 4,053 | 36.8% |
| | 1963 | 30,342 | 16.2% | 26,261 | 14.9% | 6,562 | 13.8% | 4,081 | 36.5% |

* excludes unrelated individuals aged under 14 years

**THE AMERICAN EVIDENCE FOR
THE INCOME ELASTICITY OF THE POVERTY LINE⁶⁷**

The evidence for the income elasticity of the poverty line is extensive, and the American evidence is more extensive than that for any of the other countries that I discussed in my paper on that subject (cited in footnote 45). The American evidence includes expert-devised minimum budgets prepared over six decades; "subjective" low-income figures in the form of national responses to the Gallup Poll "get-along" question over four decades; and the recorded common knowledge of experts on poverty lines and family budgets from about 1900 to 1970.

From roughly 1905 to 1960, American budget experts developed a number of standard budgets at different levels of living. In 1966, Oscar Ornati analyzed about 60 standard budgets prepared during the 1905-1960 period, and classified them as being at "minimum subsistence," "minimum adequacy," and "minimum comfort" levels. (His "minimum subsistence" category corresponds to our concept of poverty.) A 1973 study by Robert W. Kilpatrick showed that Ornati's minimum subsistence figures over this 55-year period rose 0.75 percent in real terms for each 1.0 percent increase in the real disposable income per capita of the general population.

An examination (in my income elasticity paper) of early poverty lines and budgets not considered by Ornati confirms and extends this picture. The poverty/subsistence figures examined (like Ornati's budgets) were all derived as absolute poverty lines. Yet over time, these successive absolute poverty lines rose in real terms as the income of the general population rose. Poverty lines and minimum subsistence budgets before World War I were, in constant dollars, generally between 43 and 54 percent of Mollie Orshansky's poverty threshold for 1963. By 1923, Dorothy Douglas' "minimum of subsistence level" (expressed as a range rather than a single dollar figure) was equal to 53 percent to 68 percent of Orshansky's threshold. A U.S. Works Progress Administration "emergency" budget for the Depression year of 1935 was equal to 65 percent of Orshansky's poverty threshold. Robert Lampman's low-income line for 1957 was equal to 88 percent of Orshansky's poverty threshold.

Evidence from an overlapping but more recent period (extending up to the 1990's) comes from the Gallup Poll "get-along" question--"What is the smallest amount of money a

⁶⁷The material in this appendix is drawn from Fisher, "Is There Such a Thing as an Absolute Poverty Line Over Time?...." (See also the other articles cited in footnote 45 above.)

family of four (husband, wife, and two children) needs each week to get along in this community?"--which has been asked since 1946. The average response to the "get-along" question has been higher than the Orshansky poverty line, but it seems reasonable to assume that the relationship between the "get-along" amount and family income is a good indicator of how the public's perception of the poverty line would vary over time in relation to family income (if a "poverty" poll question had been asked). Half a dozen analyses have found that the "get-along" amount rises by between 0.6 and 1.0 percent for every 1.0 percent increase in the income of the general population.

Another significant (although neglected) source of evidence about the income elasticity of the poverty line is the common knowledge of experts on poverty lines and family budgets before 1970, as documented in quotations from their writings. There is one such quotation from 1841, over a dozen from the 1900-1959 period, and over a dozen from the 1960's. It is clear that the income elasticity of the poverty line was well known to these experts, and that they were quite familiar with the underlying social processes involved.⁶⁸ One quotation which illustrates these social processes with particular clarity was written in 1938 by Carroll R. Daugherty: "A standard budget worked out in the [1890's], for example, would have no place for electric appliances, automobiles, spinach, radios, and many other things which found a place on the 1938 comfort model. The budget of 1950 will undoubtedly make the present one look as antiquated as the hobble skirt."⁶⁹ Some of the quotations make ironic reading in the light of subsequent history, as when the Social Security Administration's Ida Merriam (Mollie Orshansky's boss) wrote in 1967 that "It is easy to observe that poverty in the U.S. today cannot meaningfully be defined in the same way as in the U.S. of 1900....obviously today's [poverty] measure, even if corrected year by year for changes in the price level...should not be

⁶⁸For brief summaries of the social processes underlying the income elasticity of the poverty line, see Fisher, "Is There Such a Thing as an Absolute Poverty Line Over Time?...", pp. 69-70; Fisher, "Relative or Absolute...", p. 11; and Fisher, "Disseminating...and Explaining...Versions of the Federal Poverty Measure," p. 173. The principal sources that I drew on for these summaries were David Hamilton, "Drawing the Poverty Line at a Cultural Subsistence Level," *Southwestern Social Science Quarterly*, Vol. 42, No. 4, March 1962, pp. 337-345; [U.S.] President's Commission on Income Maintenance Programs, *Poverty Amid Plenty[:] The American Paradox[--]The Report of The President's Commission...*, Washington, D.C., U.S. Government Printing Office, November 1969, pp. 37-38; and Joanna Mack and Stewart Lansley, *Poor Britain*, London, George Allen & Unwin Ltd., 1985, pp. 55-56; see also Peter Townsend, *Poverty in the United Kingdom[:] A Survey of Household Resources and Standards of Living*, Berkeley and Los Angeles, University of California Press, 1979, pp. 50-53.

⁶⁹Carroll R. Daugherty, *Labor Problems in American Industry* (fourth edition), Cambridge, Massachusetts, Houghton Mifflin, 1938, p. 137.

acceptable twenty, ten or perhaps even five years hence."⁷⁰ (As things turned out, of course, the poverty measure of the 1960's, adjusted only for "changes in the price level," is still in use not merely ten or twenty but thirty years later.) Others publicly recognizing the income elasticity of the poverty line during the mid-1960's included Rose Friedman and the Republican minority of the Joint Economic Committee of Congress.

⁷⁰I[da]C[.]Merriam, "The Meaning of Poverty-Effectiveness" (unpublished draft), January 4, 1967, p. 2.

PERCENTAGE OF PERSONS IN POVERTY UNDER VARIOUS DEFINITIONS, 1947-1977
 (R--recession; width of letter is proportional to length of recession)

