Poverty in America 50 Years After the War on Poverty

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Overview

- Trends in poverty & why measurement matters
- Effects of different programs on poverty
- Trends in inequality
- International comparisons of poverty
- Conclusions
Poverty Rates by Age, 1959-2012

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Some Good News

- Rising living standards over generations have conferred real benefits
Figure 9.1 Life Expectancy at Birth, by Sex, 1970 to 2010

Source: Centers for Disease Control and Prevention 2011, Table 22. Based on Vital Statistics data.
Anti-Poverty Programs

- Programs help reduce poverty
  - The official poverty measure masks some of this reduction, especially in recent years
Reduction in Poverty, by Program: 2012

Percentage point decline in poverty

Social security: 8.5
Refundable tax credits: 3.0
SNAP: 1.6
Unemployment ins: 0.8
SSI: 1.1
Housing subsidies: 0.9
School lunch: 0.4
TANF/GA: 0.2
WIC: 0.1
LIHEAP: 0.1
Workers Compensation: 0.1

Some Not So Good News

- Income inequality has increased
- U.S. poverty higher than in peer countries
  - Programs do less to reduce poverty
Figure 5.4. Family Incomes by Quintile, 1947-2011
(2011 dollars)

95th percentile
80th percentile
60th percentile
40th percentile
20th percentile

Figure 5.5. Gini Coefficient for Inequality in Family Income, 1947 to 2011

Source: U.S. Census Bureau 2012g. Note: The sharp increase in the Gini coefficient in the early 1990s was due to the redesign in the survey used to collect household income data. Higher numbers mean more inequality. Based on Current Population Survey data.
Relative Poverty Rates for Selected Countries: Mid 2000s

Source: Gornick and Jantti (2011), Table 1. U.S. calculations based on Current Population Survey data.
Absolute Poverty Rates for Selected Countries: Mid 2000s

Source: Gornick and Jantti (2011), Table 1. U.S. calculations based on Current Population Survey data
Figure 9.6 Life Expectancy at Birth, Selected OECD Countries, 2011

Have We Won the War on Poverty?

- **No:**
  - Poverty still common
  - Poverty higher in the U.S. than in peer countries
  - Inequality has grown
    - Produces a headwind in our efforts to reduce poverty

- **However...**
  - Income assistance programs do much to reduce poverty; without them, U.S. population would be significantly worse off