

Poverty: Survey and Outlook

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In 1963, the Kennedy Administration embarked on planning a broad program of aid to the poor. As a preliminary step, Walter Heller, then Chairman of the President's Council of Economic Advisers, arranged a press conference to brief reporters about the problems of poverty in the United States. The presumably sophisticated members of the fourth estate listened politely and left unimpressed. The economy was expanding, unemployment was declining, wages were rising. In this atmosphere, poverty had no news value. No stories were filed.

Within a year, poverty was competing effectively with crime and space exploits as headline news. And some of the reporters who had doubted that the subject merited even a single story had been assigned to cover the poverty "beat." Interest in poverty has not abated, and the literature has become voluminous enough to justify a specialized journal devoted to summaries of publications on the subject. Each bi-monthly issue of this journal, *Poverty and Human Resources Abstracts*, published by the University of Michigan, carries summaries of 50 articles or books, and the editor has indicated that he cannot keep up with the flow of material.

The two anthologies reviewed here include, each in a different way, the best available information about the extent and causes of poverty in the United States as well as diverse prescriptions for its reduction, if not its eventual elimination. In *Poverty in America* (University of Michigan Press, Ann Arbor, 1965. 532 pp., \$9), Louis A. Ferman, Joyce L. Kornbluh, and Alan Haber emphasize the sociological aspects of poverty. In *Poverty: American Style* (Wadsworth, Belmont, Calif., 1966. 304 pp., \$3.95), Herman P. Miller employs a more eclectic approach, relying on the diverse disciplines concerned with the causes of poverty and appropriate techniques for combating it.

Both volumes reflect the recent re-discovery of domestic poverty, emphasizing material "hot off the press." All of the selections included in the

Ferman volume were written during the 1960's. But historical perspective helps, and this is provided in the first two chapters of Miller's book. Robert Hunter, a social worker writing at the turn of the century, suggested that the poor "in their weak and unorganized condition . . . are unlike the skilled workers, made powerful by their unions and by their methods of collective bargaining; they are fighting alone . . ." (in Miller, p. 11). Shades of present slogans about organizing the poor!

Nor is the dream of eradicating poverty new. In his 16 March 1964 message to Congress (reproduced in both volumes), President Johnson called for "a total commitment . . . to pursue victory over" poverty. But some 60 years earlier Alfred Marshall, in his widely influential *Principles of Economics*, expressed the belief that "poverty and ignorance may be gradually extinguished . . . during the present century" (in Miller, p. 26). And Miller reminds us that Herbert Hoover also looked forward to an early victory over poverty: "We shall soon with the help of God be in sight of the day when poverty will be banished in the nation" (in Miller, p. 5). Even the slogan "war against poverty" is not new; David Lloyd George requested money from the British Parliament to wage "warfare against poverty" before our President Johnson was born.

Poverty is a generic term for many types of deprivation. Its roots penetrate deeply, affecting many elements of society. Yet measuring even the material dimension of poverty is an elusive task, for there exists no single universally accepted definition of economic poverty. The Council of Economic Advisers resorted in 1964 to an arbitrary definition, designating as poor those families with an annual income of less than \$3000 and those individuals with an annual income of less than \$1500. Data based on these criteria, showing one-fifth of the population included among the poor, were used widely by the President and others as evidence of the need for a war on poverty. As one of the nation's foremost authorities on income distribu-

tion, Miller contributes an excellent paper of his own, indicating the weaknesses of the original poverty data. Within a year after the Council published its criteria, Mollie Orshansky of the Social Security Administration refined the estimates to include size of family and place of residence, in determining whether a family or individual should be regarded as impoverished. Orshansky's data yielded nearly the same number of poor, but showed a considerably different composition. Since the Orshansky criteria placed emphasis on the greater income needs of larger families, her measures included a larger number of children than the \$3000 a year cutoff.

There is still no consensus about the income needed to maintain individuals and families above the threshold of poverty. Orshansky's data have been widely accepted, however, and are now used by the government as the official criteria of poverty. Her article, "Counting the poor," a year-old "classic," is reprinted in Ferman's volume.

By the time the Economic Opportunity Act became law in 1964, our society had developed an intricate, though far from comprehensive, welfare system. The total annual cost of the diverse programs of aid to the poor is about \$15 billion. Both volumes attempt to appraise the impact of the programs, but with singular lack of success. The fault lies not with the editors, but with the dearth of material attempting to appraise continuing social welfare programs. We seem to have a proclivity for initiating programs and then spending great resources for their continuation without attempting to assess the benefit derived from such outlays. The reader may be surprised to learn, as one of Miller's selections points out, that the federal government is still spending more annually for needy veterans than for the whole anti-poverty program inaugurated in 1964. There is not a single book, or even a good article, that evaluates the veterans' pension program. Similarly, the federal government has operated a public housing program for almost three decades. In an excellent selection, Alvin L. Schoor (in *Poverty in America*) clearly demonstrates the inadequate supply of decent housing facilities for the poor. But we do not know whether the recently initiated program for paying rent subsidies for the poor

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is preferable to the old public-housing program.

There are no "hard data" to help the policymaker or intelligent citizen evaluate our welfare system. Thus, the eminent economist, Milton Friedman, categorically attacks the whole "welfare grab bag" (in *Poverty: American Style*), but does not present a rounded indictment on the basis of specific convincing facts. Friedman is content, for example, to point to the deleterious effects of minimum wages, but the reader may also wonder about the constructive impact of this legislation on those millions of workers who are now receiving higher pay as a result of this legislation.

Having failed to evaluate past programs effectively, observers can hardly agree on the direction or scope of new measures to combat poverty. The programs inaugurated under the Economic Opportunity Act are of little help as a guide for effective measures to combat poverty. These programs are basically a compromise of diverse and conflicting approaches championed by representatives of several major federal departments and agencies concerned with welfare legislation. The common emphasis, in the words of President Kennedy, is "rehabilitation but not relief." It was not the best kept secret that the Great Society planners considered income maintenance schemes but rejected this approach because any meaningful program would have been too costly.

The concluding sections of both volumes deal with prescriptions for future action. Ferman and his associates consider only "liberal" approaches, including the President's message to Congress proposing the Economic Opportunity Act and the more radical measures proposed by the AFL-CIO Executive Council, Leon H. Keyserling, and the Ad Hoc Committee on the Triple Revolution. Miller's selections range more broadly and include Friedman on the negative income tax and Hyman P. Minsky on the need for full employment.

The notion of providing a guaranteed minimum income has received attention during the past few years. Milton Friedman adds respectability to this approach by advocating a negative income scheme that utilizes the income tax machinery as a vehicle to supply minimum income to the poor. Under the Friedman proposal, reproduced in Miller's volume, the negative income tax would allow nontaxed in-

dividuals or families to claim part of the unused portion of their exemption as a rebate. Elsewhere Friedman has proposed that the negative income tax provide the poor with income equal to 50 percent of their unused exemption. Thus, a family of four would be guaranteed an income of about \$1500 a year, or half of the minimum amount needed to raise the family income above the poverty threshold. To maximize individual freedom and to assure that the government subsidies would not interfere with free-market operations, Friedman would attach no strings to the government subsidies and would allow the poor to spend the money as they wished. Friedman, who is disillusioned with current government welfare programs, would use the government subsidies as a substitute for welfare services or other programs aimed at aiding the poor.

The notion of guaranteed income has drawn the support of strange bedfellows, including the Ad Hoc Committee on the Triple Revolution, a self-appointed group of modern-day Jeremiahs. Asserting, on the basis of a highly questionable analysis, that the need for workers is disappearing as a result of modern technology, which they call the cybernation revolution, this group proposes that the government supply all individuals with a guaranteed income since society would not require the work of large sectors of the population (in *Poverty in America*).

Hyman P. Minsky challenges this approach (in *Poverty: American Style*). He argues that appropriate fiscal and monetary policies should be used effectively to expand demand and to create conditions of full employment, thus creating jobs for all who desire work.

Robert J. Lampman, the unsung hero of the current war on poverty who initiated the staff work that led to the development of the Economic Opportunity Act, agrees that a full-employment economy is a necessary condition for an effective war on poverty, but recognizes that a large proportion of the poor cannot benefit directly from economic expansion and growth. Thus he also favors government cash payments to the poor, but he recognizes that inadequate income is only one of the symptoms of poverty. A comprehensive approach to "the elimination of poverty," he insists, requires that "social barriers which restrict opportunities for the

poor" must be broken down, and that society must "make progressively greater investment in improving the abilities and motivations of the poor" (in *Poverty in America*, p. 421). But we are not told how the poor are to be motivated. S. M. Miller and Martin Rein, two of the most provocative observers of the current social scene, address themselves to this problem in another essay included in the volume by Ferman and his associates. But the best that Miller and Rein come up with in this case is the suggestion that further study is needed to understand poverty.

Two of the contributors to the Miller volume suggest that poverty can be reduced simply by providing the poor with information and devices relating to birth control, consistent with their religious beliefs. The authors do not suggest that the poor are less deserving of having children than other groups in the population. However, they marshal abundant data indicating that the incidence of unwanted children is much greater among the poor than among more affluent families. One contributor argues that birth-control assistance should be given top priority in the war on poverty; the costs would be relatively low and the return per dollar expended would be greater than under other programs of aid to the poor. The author is particularly critical of the Office of Economic Opportunity, which has displayed singular timidity in this potentially pregnant (if the term may be used in connection with birth control) approach.

The fact that *Poverty in America* and *Poverty: American Style* raise more questions than they provide solutions shows how difficult is the challenge. The editors have collected some of the best material available on the complex problems related to poverty. The introduction by Ferman, Kornbluh, and Haber to each of the seven sections in *Poverty In America*, together with Miller's own articles, clearly indicate deep insights into the subject of poverty and a wide awareness of available material and the current thinking on this complex subject. The road to a poorless society has, alas, hardly been charted. Robert J. Lampman, an early strategist of the current war on poverty, has recently admitted in a public interview that "it is very possible we'll find that many of our antipoverty programs are working down the wrong road entirely."