

Robert M.

La Follette School of Public Affairs

at the University of Wisconsin-Madison

Working Paper Series

La Follette School Working Paper No. 2009-001

<http://www.lafollette.wisc.edu/publications/workingpapers>

What Does It Mean to be Poor in a Rich Society?

Robert Haveman

La Follette School of Public Affairs, University of Wisconsin-Madison



Robert M. La Follette School of Public Affairs
1225 Observatory Drive, Madison, Wisconsin 53706

Phone: 608.262.3581 / Fax: 608.265-3233

info@lafollette.wisc.edu / <http://www.lafollette.wisc.edu>

The La Follette School takes no stand on policy issues;
opinions expressed within these papers reflect the
views of individual researchers and authors.

What Does It Mean to be Poor in a Rich Society?

Robert Haveman

University of Wisconsin–Madison

I. INTRODUCTION

In 2007, Mollie Orshansky, whose contributions led to the nation’s official poverty measure, passed away. Given the data available in the early-1960s, the Orshansky poverty measure—based on family money income and an absolute poverty threshold—made perfect sense. President Johnson had declared a War on Poverty in 1964, and the nation needed a statistical picture of the poor. Although she recognized the criticisms of her measure,¹ the concept of absolute income poverty as well as the nation’s official measure of poverty can be directly traced to her contributions.²

Since this time, the U.S. official poverty measure has stood nearly unchanged.³ This, in spite of extensive efforts designed to improve the measurement of both financial means (e.g., extensions of the income concept to include the value of in-kind transfers and tax liabilities) and the poverty threshold (e.g., alternative equivalence scales and revised needs standards).⁴

¹At one point, she stated: “The best that can be said of the measure is that at a time when it seemed useful, it was there.”

²Her first paper on the measurement of poverty was in the 1963 volume of the Social Security Bulletin, where she first described her income poverty concept and applied it to only families with children. In her central paper (Orshansky, 1965), she presented a refined version of her measure— expanded to include all types of family units—and described how she had developed the thresholds and analyzed the population shown to be in poverty by the thresholds. Four months later, the Office of Economic Opportunity adopted her thresholds as a working or quasi-official definition of poverty.

³The official definition of poverty has played a very special role in the development of social policy. Tobin (1970) made the case in America. A case can be—indeed, has been—made that the most important contribution of the War on Poverty era was the establishment of an official, national measure of poverty . Because of the official adoption of this measure, the nation committed itself to producing an annual statistical poverty index—a report on its progress toward poverty reduction. As Tobin (1970) put it, because of this official measure “no politician will be able to . . . ignore the repeated solemn acknowledgments of society’s obligation to its poorer members” (p. 83).

⁴See Smeeding, 1906, Citro and Michael, 1995; American Enterprise Institute, 2004; and Blank, 2006.

In this paper, I attempt to broaden the discussion of poverty and poverty measurement. I first discuss the broad question of “what is poverty?” and describe various poverty concepts that have been proposed. Then, I will describe the official U.S. poverty measure, highlight its main characteristics and note some of the criticisms directed toward it. Then, this official, absolute income poverty measure is compared to a relative poverty measure, and to alternative concepts of economic poverty that rely on indicators of permanent income (such as consumption or the ability to secure income) and a family’s own assessment of well-being; the pros and cons of these measures will also be noted. Finally, I examine broader conceptions of poverty and deprivation. I will discuss proposals for a comprehensive measure of poverty that takes into consideration indicators of material deprivation and ‘social exclusion.’ Most of research on this approach has occurred in the European Union and the United Kingdom. The paper ends with a modest proposal for the development of a broader measure of poverty and social exclusion for the U.S.

II. CONCEPTS OF POVERTY

Improving the well-being of deprived people is a nearly universal goal among policy-makers in all nations. However, there is no commonly accepted way of identifying who is deprived or who has an unacceptably low level of well-being.

Economists tend to prefer a concept of hardship that reflects “economic position” or “economic well-being”, which is typically measured by an indicator of *command over resources*, typically annual income.⁵ These economic poverty measures seek to identify those families whose command over resources (income) falls below some minimally acceptable level. This economic approach requires

⁵As discussed below, this economic concept underlies the official U.S. poverty measure and measures of relative income poverty as implemented in the UK and Western Europe. It also underlies the proposed revisions of the U.S. measure by the National Research Council’s (NRC) Panel on Poverty and Family Assistance (Citro and Michael, 1995). The proposals made by the panel focus on extending and improving the measures of economic resources and family need. These proposals are reflected in several alternative measures of income poverty that have been developed in the U.S., estimates of which are regularly published by the U.S. Census Bureau. See U.S. Census Bureau (2007).

precise definitions of both available economic resources and the minimum level of economic “needs,” both of which must be measured in the same units.

Such economic poverty measures do not impose any norm on people’s preferences among goods or services (e.g., necessities versus luxuries) or between work and leisure. They also allow for differentiation according to household size and composition. However, by focusing on the “command over resources,” they ignore many noneconomic considerations that may affect individual “utility” or “well-being.” To the extent that such factors—for example, living in unsafe surroundings, being socially isolated, or experiencing adverse health or living arrangements not remediable by spending money—are neglected by these measures, policy efforts designed to reduce economic poverty may overlook these other aspects of what it means to be poor.

Because of such concerns, income-based poverty measures are increasingly challenged, particularly in other western industrialized countries.⁶ Critics argue for a *multidimensional poverty concept*. For example, people deprived of social contacts (with friends, families and neighbors) are described as socially isolated, and hence poor in this dimension; people living in squalid housing, as “housing poor,” and people with health deficits, as “health poor.” However, those who prefer a broader approach to the measurement of poverty face a difficult task in changing the official U.S. measure. Dimensions of well-being beyond income need to be identified and agreed upon, indicators that accurately reflect these dimensions need to be defined, data necessary to accurately measure them for individual living units need to be collected, and the several indicators need to be weighted to produce an index of the size of the poor population, and its composition.

While debates over the appropriate concept of poverty seem unlikely to cease, a basic question lurks over the discussion: “Does the measure of poverty chosen matter?” As with the debates over the poverty concept, there are differences of opinion on this question. Nearly all observers, however, believe

⁶For example, Sen (1983) argued that the needs standard (or poverty line) have “some absolute justification of its own,” it being a level below which “one cannot participate adequately in communal activities, or be free of public shame from failure to satisfy conventions” (p. 167). Sen’s concept of “needs” introduces social or community standards of participation and interaction, and consumption beyond minimal food (or basic) needs.

that the concept and measure of poverty does matter. Because all poverty measures seek to identify the most economically “hardshipped” in society, different measures imply a different size and composition of the target poverty population, different patterns of change in the extent of poverty over time, and hence a different set of antipoverty policies. Policy makers and citizens react to information on these patterns. Reported increases in the poverty rate trigger concerns regarding inequality in the distribution of income, and elicit calls for changes in taxation and public spending policies, and in provisions regarding how these policies impact various groups in the population. Such changes in poverty over time lead to questions regarding the direction of the nation and the effectiveness of social policies. It is difficult to imagine a political debate which fails to touch on these questions.⁷

III. MEASURING ECONOMIC POVERTY

Even among those who prefer income-based or command-over-resources poverty measures, there are substantial differences of opinion regarding which is the best measure. For example, the official U.S. measure relies on the *annual cash income* of a family, and compares this to a minimum income standard or “poverty line.” An alternative position is that *annual consumption* better reflects a family’s level of living, or that some measure of a family’s *ability to secure income* identifies a nation’s truly needy population. Others advocate reliance on families’ *own assessment of their economic well-being*. Even if the measure of economic position has been chosen, poverty measures can be either *absolute* or *relative*. The indicator is absolute if the definition of “needs” is fixed, so that the poverty threshold does not

⁷Within each perspective, there is a wide range of definitions and concepts. For example, if income is taken to be the best indicator of economic status, is annual, multiyear, or lifetime income the appropriate measure? Should we examine pretax, pretransfer income or income after accounting for taxes and/or transfers? Should means-tested in-kind income or refundable tax credits be counted or not? In addition to indicating the rate and composition of poverty, all of these measures of economic poverty can also be used to measure other aspects of the poverty problem, such as the extent of poverty.

change with the standard of living of the society. A relative measure uses a poverty line that increases along with the general standard of living of the society.⁸

A. The Official U.S. Measure of Absolute Income Poverty

The official U.S. poverty measure seeks to identify those families that do not have sufficient annual cash income—from either government support or their own efforts—to meet the official poverty threshold. It compares two numbers for each living unit—the unit’s annual cash income and the poverty threshold for a unit of its size and composition. It is an absolute measure because it is adjusted each year only for changes in prices, not for changes in living standards.

This official measure assumes that 1) money can buy those things the absence of which makes people feel deprived, 2) money income is a good proxy for welfare (or utility), and 3) a particular year’s income is an acceptable indicator of longer-run income. Although people may experience hardship in many dimensions—education, housing, food, social contacts, security, environmental amenities—only a low level of money income matters in determining who is poor.

The U.S. Census Bureau performs the official poverty measurement each year, and each year presents a public report on the level of poverty in the prior year, and changes in the level and composition of the poor from year to year. All major news media carry the story, and reflect on who is winning, who is losing, and how the nation is doing in fighting poverty.

This annual news story also provokes a barrage of commentary on the nature of the official measure, and whether or not the message it conveys is reliable. Although the cash income numerator of the measure may reflect the extent to which a family can meet its immediate needs, this value may fluctuate substantially from year to year due to unemployment, job changes, health considerations, and

⁸Kilpatrick (1973) defines a completely relative poverty measure as one with a poverty threshold with an elasticity of 1 with respect to the general standard of living, while an absolute poverty line employs a threshold with that has an elasticity of 0.

especially income flows from farming and self-employment. For this reason, some claim that the measure conveys an unreliable picture of who is poor over the longer run.

It is also argued that even as an indicator of a family's ability to meet its immediate needs, the measure is flawed. The income reported by families to Census surveyors tends to be artificially low, and often income from various nonstandard sources is not reported at all. As a result, the overall poverty rate tends to be higher than it should. Importantly, the annual income measure reflects neither the value of in-kind transfers (e.g., Food Stamps, Medicaid) nor taxes paid nor tax credits received (including the Earned Income Tax Credit). Indeed, virtually all actual reforms since the 1960s have been in the form of giving families benefits such as food, health and child care that don't count in the poverty statistics. Similarly, the assets available to families are not counted, nor is the value of leisure (or voluntary nonwork) time reflected in the measure. As a result the consumption spending of a family in any given year may differ substantially from the family's reported income.⁹ While there are major differences in the needs of workers and nonworkers, or those with and without serious medical care needs, or those living in high cost areas relative to those in low cost areas, none of these considerations are reflected in the official measure.

The family-size specific denominator of the poverty ratio—the poverty line threshold—also comes under fire. Critics claim that this needs indicator has little conceptual basis and rests on empirical evidence about food consumption in the mid-1950s. (Ruggles, 1990) The same criticism applies to the equivalence scales used to adjust needs for differences in family size.

In addition to these criticisms, conservative commentators also emphasize that many of those who are poor by the official measure do not live in destitute circumstances, that they own color television sets, automobiles, refrigerators, stoves, and in some cases homes, and that they are not undernourished. Their estimates of the poverty rate are much lower than the official estimate. Given the annual income measure

⁹See Mayer and Jencks (1992), Slesnick (1993), and Meyer and Sullivan (2003, 2006) and the discussion below. This pattern is especially true for those households in the tails of the distribution of annual income in a particular year. For example, in 1994, consumer units in the Labor Department's annual Consumer Expenditure Survey reported average pretax income of about \$6,800, but average consumption expenditures of about \$14,000.

on which official poverty rests, these commentators emphasize the low level of earnings of adults in poor families, and claim that major reductions in official poverty could be achieved if the adults in these families would work more and if there were two parents rather than one living in the family. However, the easy conclusions regarding work and marriage fail to reflect the high incidence of low education, mental and physical disabilities, unsafe neighborhoods, and the lack of health and child care facilities confronting low income families.¹⁰ At the other end of the political spectrum, analysts find that in order to meet ‘basic needs’ income needs to be substantially greater than the current poverty thresholds; they find a much higher poverty rate than the official measure.¹¹ These critiques do highlight the complex nature of American poverty, and emphasize the need for improvements in the official poverty measure.

Given this litany of concerns regarding the nation’s official poverty measure, it should not be assumed that nothing has been done to improve the measure. Indeed, in 1995, the National Research Council of the National Academy of Sciences reported the results of a comprehensive study of the strengths and weaknesses of the official measure, and proposed a major revision designed to correct many of the criticisms that have been levied against it.¹² The reform proposed would involve a new threshold based on budget studies of food, clothing, shelter (including utilities), and amounts that would allow for other needs to be met, such as household supplies, personal care, non-work-related transportation. The thresholds would also reflect geographic differences in housing costs. The income measure would also be reworked to include the value of near-money benefits that are available to buy goods and services (e.g., Food Stamps), and would subtract from income those required expenses that cannot be used to buy these goods and services (e.g., income and payroll taxes, child care and other work-related expenses, child support payments to another household, and out-of-pocket medical care costs, including health insurance premiums).

¹⁰See Rector (2007). “If child poverty is to be reduced ... able-bodied parents must be required to work or prepare for work, and ... [government policy] ... should encourage rather than penalize marriage.”

¹¹See Renwick and Bergmann (1993).

¹²See Citro and Michael (1995). http://books.nap.edu/openbook.php?record_id=4759&page=1

Since that report, the Census Bureau and other governmental statistical agencies have developed a variety of improved poverty measures reflecting the recommendations of the 1995 report. Two extensive reports by the Bureau of Census present estimates of these alternative measures since 1990; in addition, the Bureau has released a number of alternative poverty measure estimates in materials that accompany the annual official poverty report.¹³ Unfortunately, none of these improved alternatives has been adopted to replace the existing official poverty measure.¹⁴

B. Alternative Measures of Economic Poverty

In addition to the official U.S. absolute income poverty measure (and extensions of it), a wide range of other indicators of economic poverty have been proposed and implemented. In this section, we briefly describe a few of these, and indicate some of their pros and cons.

Relative Income Poverty

Many accept the access to resources (income) basis for measuring poverty, but reject an absolute poverty threshold. Instead, poverty is viewed as a matter of *economic and social distance*. These measures compare the income of a family to a norm reflecting the economic position of the overall society (say, the income of the median family), adjusted for price level changes. Because overall measures of social well-being, such as median income, tend to increase over time, the poverty standard will also tend to increase. Both the United Kingdom (UK) and countries in the European Union (EU)

¹³Short, Garner, Johnson, and Doyle (1999) contains detail on the implementation of the recommended poverty measures, and presents estimates of them for the decade of the 1990s. See also Short (2001) and Short (2005).

¹⁴Blank (2008) contains an extensive discussion of the weaknesses of the official poverty measure, the history of efforts to improve the measure, and an analysis of why adoption of a more reliable measure of poverty has been so difficult to achieve.

measure income poverty using such a relative definition. Currently, the EU considers those with ‘equivalized’ incomes less than .6 of median income to be in poverty.¹⁵

Relative poverty measures also have their weaknesses. For example, when an absolute poverty standard is used, antipoverty efforts are judged by their ability to move families above the fixed standard; relative poverty will decline only if the income of families in the bottom tail of the distribution increase relative to that of the median family.¹⁶

Consumption Poverty

One of the main criticisms of measures of income poverty concerns the highly transitory nature of an annual income measure of resources. For many households, income may temporarily dip below the poverty line because of something that happened that year, such as unemployment or a bad harvest. Critics urge use of a more permanent indicator of resources or well-being, such as annual family consumption spending.¹⁷

Use of annual family consumption in the poverty measure reflects the view that consumption is a better proxy for permanent income than is annual income. Slesnick (1993) estimated such a consumption-based poverty measure, and advocated its superiority to income poverty measures.¹⁸ He measures the

¹⁵In the mid-1960s when the U.S. official poverty measure was adopted, the poverty line was about one-half of median income for a family of four (Ruggles, 1990, p. 19). However, today the official income threshold stands at about 30 percent of median income (Blank, 2008; Nolan and Marx, 2008).

¹⁶As Ruggles (1990, p. 19) has stated, “[P]overty cannot decline under a relative poverty measure without some change in the shape of the income distribution as a whole.” Lampman (1971) also emphasized this weakness of the relative standard as an indicator of the effectiveness of antipoverty policies in reducing poverty: “While income poverty is a relative matter, I do not think we should engage in frequent changes of the poverty lines, other than to adjust for price change. As I see it, the elimination of income poverty is usefully thought of as a one-time operation in pursuit of a goal unique to this generation.”

¹⁷Slesnick (1993) argued that annual money income measures are “severely biased” because “Households in the lower tail of the income distribution are disproportionately represented by those with temporary reductions in income, and typically exhibit high ratios of consumption to income in an effort to maintain their standard of living” (p. 2).

¹⁸Following Slesnick’s paper, Mayer and Jencks (1989, 1992) made early contributions to the discussion consumption expenditure in assessing the level, trend and prevalence of economic deprivation. Meyer and Sullivan (2003, 2006) discuss the advantages and disadvantages of consumption and annual income as measures of economic well-being.

level of family economic resources to be household real consumption expenditure per equivalent adult, and compares it to a set of poverty lines designed to be “conceptually consistent” with the U.S. official poverty standard. The resulting consumption poverty rate is much lower than the official rate, reflecting the overrepresentation of families experiencing a transitory income reduction in the official poverty rate.¹⁹

Although Slesnick’s consumption poverty measure probably does better reflect the “permanently poor” population, it has been criticized. One criticism points out that Slesnick’s family size adjustments seem quite out of line with others in the literature, and that largely because of this Slesnick’s poverty measure has declined over time; in contrast, other consumption-based indicators have increased over the last two decades (Cutler and Katz, 1991) . Other critics have noted the difficulty of obtaining accurate and complete family expenditure data, which is a large impediment to adopting a consumption-based index. Furthermore, consumption may not fully reflect a family’s true well-being; it is possible that simple frugality may be mistaken for poverty (Triest, 1998).

“Capability” Poverty

Poverty indicators based on income or consumption presume that families should have *actual* resources to meet some minimum standard. An alternative objective would identify the poor to be those who do not have the *capability* to secure a sufficient level of resources to meet this standard.

Amartya Sen, among others, has presented the basic argument for a poverty measure based on capabilities. In 1992, he argued that “the basic failure that poverty implies is one of having minimally adequate capabilities” (p. 111) and that “poverty is better seen in terms of capability failure than in terms

¹⁹Because consumption decisions are, in theory, based on permanent income and are uncorrelated with transitory income (the ‘consumption smoothing hypothesis’), these temporarily income-poor households will have high ratios of consumption to income, and hence are not classified as poor in a consumption-based measure. Slesnick supports this proposition by comparing the traits and characteristics of the “income poor” and the “consumption poor.” The consumption poor have substantially lower rates of home ownership, fewer physical assets in the form of consumer durables, higher food and necessities budget shares, and less dissaving (indicating less access to credit) than do the income poor (Slesnick, 1993).

of the failure to meet the ‘basic needs’ of specified commodities” (p. 109).²⁰ Hence, a poverty measure should seek to identify those people who do not possess the capability of generating sufficient income to meet basic needs.

There is also a *policy-related reason* for a capability (or self-sufficiency) measure of poverty. To many analysts and policy-makers, policy interventions should seek to provide a pathway to self-sufficiency. Such measures are preferred to income-conditioned in-kind or cash support, which are viewed as encouraging ‘dependence’. A capability measure of poverty focuses attention on policies that foster economic independence.²¹

Haveman and Bershadker (1998, 2001) have proposed an ‘earnings capacity’ self-sufficiency poverty measure based on a family’s earnings capacity, a concept similar to one suggested earlier by Becker (1965).²² Their measure of earnings capacity adjusted the full-time, full-year earnings of all adults in a family for health and other constraints on full-time work and for the required expenses (largely, child care) associated with full-time work. The resulting net family earnings capacity value is compared to the official U.S. poverty line.

This measure rests on several of norms and assumptions. First, it assumes that full-time, full-year work indicates the full (or capacity) use of human capital. Second, the adjustments to family earnings capacity reflecting constraints on and costs of working full time are assumed to be accurate. Finally, the measure captures only those capabilities that are reflected in market work and earnings; the potential services of other valuable, though nonmarketed, capabilities are neglected.

²⁰Development of the philosophical and value basis for this viewpoint can be found throughout his many writings on inequality and poverty, especially his 1979 Tanner Lecture (Sen, 1980), his 1982 Geary Lecture (Sen, 1983), and Sen (1997).

²¹One of the earliest of proponents of this view was Charles Murray (1984). He argued that government policy should stop assisting the destitute and start emphasizing individual self-reliance.

²²Becker’s concept of family capability relies on a measure of family “full income,” which includes both income realized through market work and the value of leisure time.

Asset Poverty

There has been much interest recently in the role of asset (wealth) holdings in understanding the level and composition of poverty in the U.S. (Oliver and Shapiro, 1997; Sherraden, 1991). In the words of Oliver and Shapiro (1997), “Wealth is ... used to create opportunities, secure a desired stature and standard of living, or pass class status along to one’s children. In this sense the command over resources that wealth entails is more encompassing than is income or education, and closer in meaning and theoretical significance to our traditional notions of economic well-being and access to life chances.”

Haveman and Wolff (2005) have estimated the level and composition of asset poverty in 2001, presuming that net worth equal to less than one-fourth of the official poverty line (reflecting the ability to live for 3 months at the poverty line by drawing down assets) indicates asset poverty. They find that asset poverty is much more highly concentrated among racial minorities, those with less than a high school degree, and nonaged female heads with children than is official income poverty.²³ From 1983 to 2001, the rate of asset poverty grew by over 9 percent, much faster than the growth of income poverty.

Subjective Poverty

Some researchers have measured poverty by relying on the subjective responses of individuals to questions about their perceptions of economic position or well-being, relative to some norm. Because the norms applied by people are likely to change over time (as their incomes change), subjective poverty measures are relative poverty indicators. These measures survey households and ask them to specify the minimum level of income or consumption they consider to be “just sufficient” to allow them to live a minimally adequate lifestyle. If respondents indicate that their own level of living either exceeds or falls

²³In 2001, one fourth of American families were asset poor; among Blacks/Hispanics the asset poverty rate was 62 percent, among those with less than a high school degree it was 60 percent, and among nonaged female heads with children the asset poverty rate stood at 71 percent.

short of what they consider to be ‘minimally adequate’ monetary poverty line, a poverty rate can be estimated from observations of actual income.²⁴

While attractive, subjective measures are based on individual opinions of what constitutes “minimally adequate” or “enough to get by.” Hence establishing an overall poverty rate requires an assumption that individual perceptions of these notions reflect the same level of real welfare for all respondents.²⁵ The effectiveness of subjective measures is limited by the small sample sizes on which they are based; most estimates show wide variation around the mean (Citro and Michael, 1995, p. 135), impeding the setting of a reliable and generally accepted poverty threshold.²⁶

IV. MEASURING OTHER DIMENSIONS OF DEPRIVATION

In both the U.S. and in Europe, social scientists and policy makers have expressed concerns with dollar-valued indicators of the well-being of citizens, and for evaluating the effect of policy changes on various groups of people. These concerns have also been registered with respect to measures of poverty based on annual cash income.

In the 1960s, these concerns led to substantial efforts by U.S. and European government and university researchers to develop a wide variety of indicators to both measure the social and economic performance of society, and to serve in evaluating the effectiveness of policy efforts. These efforts resulted in a number of prominent government and other reports presenting a variety of social indicators

²⁴This approach to poverty measurement is associated with the “Leyden School”. See , van Praag (1968), Hagenaaars (1986) and van Praag, Hagenaaars, and van Weeren (1982). The “minimum income” question approach to poverty measurement is employed in Goedhart et al. (1977).

²⁵According to Hagenaaars (1986), this approach has merit only if “people associate a certain common, interpersonally comparable feeling of welfare with a certain verbal description.”

²⁶Despite minor differences in terminology and phrasing of questions, three different methods found poverty thresholds, ranging from 85 percent to 229 percent of the official 1992 threshold. This wide variation with only small changes in question wording is likely attributable to differences in how respondents interpret the questions.

promising improved policy monitoring, policy making and policy management.²⁷ Although this ‘social indicator’ movement faded during the 1980s and 1990s, especially in the U.S., interest in the development of such indicators has been renewed in recent years on both sides of the Atlantic (van Dooren and Aristigueta, 2005).

In the context of measuring poverty, this interest in broader measures of well-being was the strongest in the European Union countries. Until recently, these countries had limited their measurement of poverty to a relative annual income measure, using a poverty line equal to 50 percent of median equivalised income; in recent years, this was increased to 60 percent of median income. Among an increasing number of European social scientists and policy makers, this economic approach to poverty measurement has been viewed as too narrow.

A basic argument in support a broader, multidimensional concept of poverty contends that markets fail and are incomplete so that money income cannot always be readily transformed into fundamental goods and services necessary for the attainment of well-being. If this is the case, then the measure of poverty must explicitly recognize these shortfalls. A policy judgment provides a second argument in support of a multidimensional approach to the measurement of poverty. If one believes that anti-poverty policies should target those with multiple disadvantages, it follows that the poverty measure should also be multidimensional.²⁸

²⁷In the U.S., the earliest such report was published in 1973 by the Federal Office of Management and Budget. This report was followed by even more comprehensive efforts by the U.S. Bureau of the Census (1977, 1981). Similar studies and publications were sponsored by the United Nations (1975) and the Organization for Economic Cooperation and Development (1973, 1976, 1982). See Sawhill (1969) for a discussion of early efforts within the federal government and their potential for improving the effectiveness of policy making. She stated: “Without our measures of GNP, unemployment, and price levels, economists could not monitor the performance of the economy and make the required shifts in policy. Presumably similar measures of social performance—such as carefully constructed indices of health, learning, crime, or pollution—will contribute to better social policy. Regular publication of such indicators would at least focus attention on these problems and would allow the informed citizen as well as the policy maker to see what was happening in several broad areas of social concern.” (page 475).

²⁸For example, Turner, Danziger, and Seefeldt (2006) suggest that welfare programs be targeted on women who are both income poor and “chronically disconnected” (without work or benefits for long periods of time). This latter group is largely comprised of those with physical or learning disabilities, alcohol or drug dependency, and lacking a car or drivers license.

Recently, the EU countries and the United Kingdom have emphasized this multidimensional nature of deprivation, and have developed supplementary indicators of poverty based on indicators of material hardship and a broad concept of ‘social exclusion.’²⁹ The earliest writings urging a multidimensional measure originated in France in the 1970s (Lenoir, 1974), where the term ‘social exclusion’ was first used to refer to those who were administratively excluded from the receipt of social benefits. Later, the term was expanded to emphasize the importance of long-term unemployment, or exclusion from work (Paugam, 1995).

There are a variety of interpretations of the term ‘social exclusion’; some use the term to refer to concepts such as ‘marginalization,’ ‘ghettoization,’ and the ‘underclass’³⁰ and others use the term to refer to a broader concept of poverty, encompassing polarization, discrimination, and inequality. In recent discussions of social exclusion, it is argued that broader dimensions of well-being should be included in identifying who is poor, including education, health, employment, housing, access to public benefits, social contacts. For those who emphasize that poverty is a multidimensional concept, a national poverty measure must reflect these non-income aspects of well-being.

A. Measuring Poverty and Social Exclusion in the UK

British social scientists have advanced this multidimensional approach to poverty measurement, including Amartya Sen (1983, 1997) and Anthony Atkinson (1989, 1998). Their work builds on Townsend’s pioneering study in 1979 urging attention to lack of access to important goods or services,

²⁹Several “Laeken indicators” (after the Laeken European Council in 2001) were designed to measure a broad concept of poverty. http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,39140985&_dad=portal&_schema=PORTAL&screen=detailref&language=en&product=sdi_ps&root=sdi_ps/sdi_ps/sdi_ps1000 See Atkinson, Cantillon et al (2002) and Marlier et al (2007) who discuss the concepts and measurement proposals of the 2001 Laeken Council for securing national multidimensional indicators of designed to monitor progress in reducing poverty and social exclusion. The EU has also had an important influence on the common adoption of a variety of country practices in measuring relative income poverty, such as adjusting incomes for differences in needs using the ‘modified OECD equivalence scale.’

³⁰For example, UK Prime Minister, Tony Blair, spoke of social exclusion as being “shut out from society” (Tony Blair, November 23, 1997, cited in Atkinson, 1998)..

rather than only a lack of income. Their writings implicitly accept the proposition that, because of lack of information and other market failures, important dimensions of well-being cannot be purchased in markets with money, and hence require independent measurement.

Even if this proposition is accepted, any proposal for including non-income aspects of well-being in a formal poverty measure has to confront difficult questions. One concerns how to deal with persons with substantial amounts of money income who voluntarily choose low levels of certain non-income dimensions of well-being (e.g., housing, vehicle access). A second concerns the selection of appropriate indicators and how to weight them.

Atkinson's Approach to Multidimensional Poverty

In Atkinson's (1998) reflected these concerns in his analysis of the concept of social exclusion. In his view, there are three key issues in thinking about social exclusion— *relativity* (one must indicate which element of society at some time and in some place from which an individual is excluded); *agency* (being excluded requires an act, either by the person excluded or by others) and *dynamics* (being excluded implies a lack of long-term prospects).

In this framework, being long-term unemployed because of lack of aggregate demand or changing technology (leading to feelings of powerlessness and the loss of personal control) may classify as social exclusion, but being long-term unemployed because of unwillingness to accept an available job will not. Similarly, voluntarily living in poor housing would exclude one from being socially excluded. However, failure to receive public benefits for which one is eligible (due, say, to lack of information, the time costs of applying, or stigma associated with receipt) or to not having employment (through, say, market power held by employers) or to consuming certain goods and services such as housing, health care, credit, or insurance (through, say, explicit discriminatory practices by property owners or banks) may all classify as social exclusion. In these cases, it is the acts of others that lead to the exclusion of some from benefits, work or consumption. Hence, 'agency' must be established if a noneconomic component of well-being is to be considered in defining poverty.

Empirical Studies of Multidimensional Poverty in the UK

Atkinson's perspective is reflected in several UK empirical studies that have attempted to use "deprivation indicators" to measure poverty and deprivation. Burchardt, le Grand, and Piachaud (1999, 2002) construct a multidimensional poverty measure; it is summarized in Appendix A. Barnes (2002) combines multiple indicators or hardship into a single multidimensional poverty measure. He concludes that about 8 percent of working-age individuals experienced six or more observations of multi-dimensional disadvantage (out of ten), and about six percent experienced long-term persistent disadvantage on and two or more indicators. Only about 5 percent of the UK population was found to experience long-term disadvantage on two or more indicators in each of three integral elements of social exclusion (economic deprivation, personal civic exclusion and personal health exclusion). These studies have been greatly facilitated by relatively new surveys designed to facilitate these efforts—the British Household Panel Survey (BHPS) and the 1999 Poverty and Social Exclusion (PSE) Survey.³¹

Political Support in the UK for a Multidimensional Approach to Poverty Measurement

Efforts to include dimensions beyond income were supported by the government of Prime Minister Tony Blair, who described social exclusion as "the greatest social crisis of our time." (Mandelson, 1997) In 1997, the New Labour government set up the Social Exclusion Unit (SEU) as a Cabinet office headed by a Minister. In 2006, the Unit was replaced by the Social Exclusion Task Force in 2006, also headed by a Minister.³²

³¹The BHPS is a nationally representative survey of about 10,000 adults who are interviewed each year, beginning in 1991; 15 waves of data are now available to researchers. The survey contains extensive questions on topics related to social exclusion, including possession of durable goods, housing quality, social relationships and health. <http://www.iser.essex.ac.uk/ulsc/bhps/>. The PSE survey was designed by senior academics from the Universities of Bristol, Loughborough, and York, carried out in 1999 by the Office for National Statistics, and funded by the Joseph Rowntree Foundation. It was designed to be a comprehensive national survey emphasizing issues of poverty, deprivation and exclusion in Britain. <http://www.bris.ac.uk/poverty/pse/welcome.htm>

³²The web site of the Unit defines social exclusion as follows: "Social exclusion happens when people or places suffer from a series of problems such as unemployment, discrimination, poor skills, low incomes, poor housing, high crime, ill health and family breakdown. When such problems combine they can create a vicious cycle. Social exclusion can happen as a result of problems that face one person in their life. But it can also start from birth. Being born into poverty or to parents with low skills still has a major influence on future life chances." <http://archive.cabinetoffice.gov.uk/seu/pageac0b.html?id=213>

Since 1999, reports presenting measures of social exclusion in the UK have been published under the title “Opportunity for All,” the most recent of which appeared in 2007.³³ These reports indicate the government’s commitment to annually monitor the state of poverty and social exclusion through a set of quantitative indicators.

B. Measuring Poverty and Social Exclusion in the European Union (EU)

The European Commission recently developed a formal protocol for measuring poverty and social exclusion for the EU countries. The protocol has been called the “Laeken Indicators” because it was established at the European Council of December 2001 in Laeken, Belgium. The Laeken indicators, and their measurement, include:³⁴

- At-risk-of poverty rate (share of persons aged 0+ with an equivalised disposable income below 60 percent of the national equivalised median income),
- Persistent at-risk of poverty rate (share of persons aged 0+ with an equivalised disposable income below the at-risk-of-poverty threshold in the current year and in at least two of the preceding three years),
- Relative median poverty risk gap (difference between the median equivalised income of persons aged 0+ below the at-risk-of poverty threshold and the threshold itself, expressed as a percentage of the at-risk-of poverty threshold),
- Long term unemployment rate (total long-term unemployed population (≥ 12 months’ unemployment; ILO definition) as a proportion of total active population aged 15 years or more),
- Population living in jobless households (proportion of people living in jobless households, expressed as a share of all people in the same age group),
- Early school leavers not in education or training (share of persons aged 18 to 24 who have only lower secondary education),
- Employment gap of immigrants (percentage point difference between the employment rate for non-immigrants and that for immigrants),
- Material deprivation (to be developed),

³³<http://www.dwp.gov.uk/ofa/reports/2007/OpportunityforAll2007.pdf> The 2007 report included 41 primary indicators, and 59 total indicators of low income, access to services, health, education and social isolation.

³⁴See Marlier et al. (2007) for a full listing of the measures.

- Housing (to be developed),
- Unmet need for care (to be developed), and
- Child well-being (to be developed).

A 2006 EU report³⁵ indicates that since 2000, the list of country-specific indicators of poverty and social exclusion has been modified and streamlined into a list of 11 primary indicators. Currently, Eurostat publishes country-specific information on the first six of these 11 indicators of poverty and deprivation.³⁶

IV. TOWARD MEASURING THE MANY DIMENSIONS OF LOW WELL-BEING IN THE U.S.: A MODEST PROPOSAL

Researchers and policymakers in the UK and the EU have adopted a broader concept of poverty than have their US counterparts. The European developments reflect the view that rich societies require officially-recognized measures that track progress in meeting many dimensions of needs of their least well-off citizens; that income alone fails to capture the complex situation in which the most deprived citizens find themselves. These developments also reflect the judgment that as societies become more affluent, the non-money aspects of well-being take on increased salience. While an income poverty measure well served the western nations a half-century ago, today a variety of additional considerations—including the level of cognitive and non-cognitive skills, access to important social institutions (e.g., the labor market), attaining minimum standards of food and shelter, sufficient available time for home production and child care—need to be taken into account.

The European developments also reflect the fact that rich societies possess vastly improved data sources on individual living units than in the 1960s. In the 1960s, when the first efforts to measure poverty were undertaken in the U.S., cash income was one of the few accurately recorded indicators of

³⁵European Commission, Employment, Social Affairs and Equal Opportunities (2006a, 2006b).

³⁶http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1996,45323734&_dad=portal&_schema=PORTAL&screen=welcomeref&open=/sd_sc&language=en&product=REF_SD_SC&root=REF_SD_SC&scrollto=0 See also Barnes (2005).

well-being available in survey or census-type data. Today, numerous continuing cross-section and longitudinal data sets with large and nationally representative samples are available. Many data sets reveal multiple aspects of the well-being of living units beyond their annual cash income. It follows that official poverty indicators should reflect this improved information.

U.S. academic and policy discussions should move beyond the concept of income poverty, and additional statistical measures of U.S. poverty and deprivation should be developed and published as supplements to an improved (set of) official income poverty measures.³⁷

Any proposal for additional, formal measures of ‘disadvantage’ encounters the issue of whether or not to combine or weight these measures. As studies in Europe have demonstrated, techniques are available for either developing a single measure based on the ‘weighting’ of multiple indicators of deprivation (Burchardt, le Grand, and Piachaud, 1999, 2002, summarized in Appendix A; Barnes, 2002), or describing deprivation by using counts of the presence of ‘disadvantage’ in multiple dimensions (note 35).³⁸

The latter approach requires the setting of minimum standards in each dimension, determining if a living unit meets each standard, and then determining for any living unit the number (and which) standards it fails to meet. With this way of proceeding, one could envision an on-going tabulation of the number and composition of living units that fail to meet any one (or two, or n) of the minimum standards of a multifaceted concept of disadvantage or deprivation. For example, such a measure could identify as

³⁷Robert Lampman (1971) argued that income poverty is the most fundamental indicator of low well-being, and hence should serve as the basis of national measures of poverty. He suggested that, until rich societies eliminate income poverty, there is little to be gained from introducing “new economic and social goals.” (p. 53) Danziger (2007) and Danziger and Gottschalk (2005) have implicitly echoed this point of view. While recognizing the weaknesses of existing income-based poverty measures, Iceland (2005) also argues that “. . . there continues to be a vital place for income-based measures of poverty. . . [as they]. . . are the most conceptually and, especially, operationally advanced measures of poverty available, and they are broadly understood and accepted by researchers, policy makers, and the public.” (p. 220)

³⁸See, also Desai and Shah (1988), Gordon et al. (2000), Whelan et al. (2001), Bradshaw (2004), Saunders and Adelman (2004), Levitas (2006), Pantazis et al (2006), Cappellari and Jenkins (2006), and Levitas et al. (2007). Berthoud and Bryan (2007) have studied the dynamics of social deprivation in a longitudinal context.

‘disadvantaged’ the number and composition of living units that fall below the income standard and below the standard in any one or more of the additional dimensions of well-being.

To perform a multidimensional poverty measurement analysis, a large scale, detailed survey including information on a wide range of living conditions is needed; ideally, the survey would be longitudinal in nature. Indeed, advances in poverty measurement in Europe have been accompanied by extensive data collection efforts designed to implement a reliable multidimensional measure.

Currently, such information is not available for the U.S. population. What is possible, however, is to make use of annual survey data from the U.S. Census Bureau’s American Community Survey (ACS) to develop an illustrative multidimensional measure of deprivation in the U.S.³⁹ The ACS includes many indicators of the living circumstances of American households in addition to income that are not reflected in the Current Population Survey (CPS) on which the current official U.S. poverty measure rests. In addition to indicators of educational attainment (e.g., less than a high school degree) and labor force and employment status (e.g., living in a jobless household) that are included in the CPS, the ACS also includes information on the quality of housing (e.g., crowding, lacking plumbing or kitchen facilities), health and disability status (e.g., number of disabling conditions, presence of a mental health problem), vehicle availability, and being linguistically isolated.

A research study that made use of the ACS data could illustrate the many faceted nature of deprivation, and demonstrate the possibility of a U.S. poverty measure that reflected dimensions of disadvantage beyond cash income. As numerous studies have shown, trends in aggregate poverty, estimates of the socio-demographic composition and incidence of poverty, and the evaluation of alternative anti-poverty efforts vary substantially among poverty measures.⁴⁰ Both researchers and policy

³⁹For a description of the American Community Survey, see <http://www.census.gov/acs/www/index.html> .

⁴⁰Regarding trends, see, Burchardt et al. (1999, 2002), Jencks et al. (2004), and Iceland (2005). Iceland reports that from 1992 to 1998, the official U.S. poverty rate fell from 14.8 to 12.7, while the percentage of U.S. households who “stayed home due to fear of crime” increased from 10.8 to 13.0 percent. He reports that, in the late-1990s, the official U.S. income poverty rate for the elderly was 79 percent of the overall national rate, while the elderly rate based on a multidimensional deprivation index stood at 181 percent of the overall national rate. The

makers would be well served by complementary measures of poverty that reveal the complexity and multifaceted nature of deprivation. Such an illustration of the extent of multiple forms of deprivation in America would incorporate the 1995 proposed reforms (see note 11 and related discussion) and highlight the many other dimensions of what it means to be poor in a rich society. It would also accelerate debate on needed changes in the official poverty measure.

IV. CONCLUSION

In this chapter, I have sought to broaden the discussion of poverty and poverty measurement by introducing additional concepts of poverty, describing their conceptual basis, and assessing their pros and cons. Following a discussion of the nature and shortcomings of the official U.S. poverty measure (and the revisions of it proposed in 1995), I discuss a number of alternative concepts of economic poverty. These include measures based on family consumption, family potential income (or earnings capacity), assets or wealth, and family own-assessment of well-being. Relative income poverty measures such as those used in European countries are also described.

However, the chapter focuses mainly on broader conceptions of the meaning of poverty and deprivation. Some theoretical contributions to this approach are noted, and studies implementing broader, multidimensional measures are described. Most of these studies have taken place in the European Union and the United Kingdom. Finally, I make a modest proposal for measuring a broader measure of hardship and social exclusion that makes use of information available in the recently developed American Community Survey.

Any poverty measure is an indicator of a nation's performance in improving social conditions, and as such it serves many functions. The poverty measure documents the size and composition of the deprived population within a country, and allows citizens and policy makers to assess the nation's 'progress against poverty.' The measure also provides guidance for policy makers in assessing the

deprivation poverty rate is based on that developed by Mayer and Jencks (1989), and calculated in Short (2005). Also, see Ribas et al. (2008).

potential of proposed measures for reducing poverty, and for evaluating the impact of social policy measures in effect. I have argued that moving toward broader measures of poverty and deprivation than simply income has a number of advantages.

First, measures of material hardship or social exclusion capture intrinsic elements of the underlying deprivation that people face and complement income-based measures by providing “important insights into different dimensions of people’s well-being” (Iceland, 2005, p. 220).⁴¹

Moreover, because anti-poverty policy measures are often directed at increasing access to particular goods, services or environments, (e.g., policies designed to increase access to food, housing, transportation, medical care, education/training, and employment, among others), it is important to use measures of deprivation that reflect these needs. Ongoing reports detailing how many citizens of working age are excluded from health, disability, or unemployment insurance coverage, how many families fail to live in adequate housing, how many families are excluded from employment because of health problems or disabling conditions could be influential in policy discussions and choices.

Finally, measures that reflect the lack of access to various non-income dimensions of deprivation also indicate different patterns of hardship by socio-demographic groups (e.g., single mothers, aged, and disabled) than do measures of income poverty, indicating gains in securing the effective targeting of policies among demographic groups.

Some analysts emphasize the inherent difficulties in developing meaningful measures of material hardship or social exclusion. While these obstacles are formidable, they need to be weighed along side the benefits of a more full-bodied picture of deprivation in a rich society. Progress in tackling these issues would also advance the agenda for extending the current national measure of income poverty.⁴²

⁴¹Iceland and Baumann (2007) have studied the correspondence of income poverty and material hardship. They conclude “Both [income] poverty and material hardship are multifaceted, and this needs to be better recognized by those who would treat either as a single concept or measure.” (p. 391) Federman et al. (1996) also examine the relationship between income poverty and material hardship.

⁴²See note 11. Lichter (2005) examines issues related to the growing immigrant population and the effect of cohabitation on poverty. See also Smeeding (2005, 2006). Blank (2008) proposes a set of concrete steps designed to advance revisions of the official poverty measure.

Appendix A
Burchardt, le Grand, and Piachaud's Empirical Measure of Social Exclusion Poverty⁴³

The authors adopt a definition of social exclusion that reflects the elements emphasized by Atkinson in which an individual is socially excluded if (a) he or she is geographically resident in a society, but (b) for reasons beyond his or her control he or she cannot participate in the normal activities of citizens in that society and (c) he or she would like to so participate. The authors' definition states that:⁴⁴ "An individual is socially excluded if (a) he or she is geographically resident in a society and (b) he or she does not participate in the normal activities of citizens in that society."

In measuring social exclusion consistent with this definition, four dimensions of well-being were considered. The thresholds established for each dimension are described in parentheses.

- Consumption activity of a minimum level of goods and services
(A person is socially excluded if he or she has income less than .5 of mean equivalized household income)
- Engaging in an economically or socially productive activity
(A person is socially excluded if he or she is not in paid work, full time education/training, retirement if of retirement age, or care of children)
- Engaging in political activity
(A person is socially excluded if he or she did not vote in recent election and is not member of a political organization)
- Engaging in social interaction with family or friends
(A person is socially excluded if he or she lacks someone who will offer support in any one of five dimensions [listen, help in crisis, can relax with, really appreciates you, and can count on to comfort]).

⁴³The following summary draws from Burchardt et al (1999). The version of the analysis in Burchardt et al. (2002) extends the analysis to make use of additional years of data.

⁴⁴The authors had particular difficulty with (b). For example, groups faced with persistent hostility might voluntarily choose to withdraw or individuals who are raised in very narrow or counter-cultural circumstances might 'choose' (say) gang membership and hence should perhaps be considered socially excluded. (c) also presented problems, in that real acts by others to exclude a person may be met with indifference by the excluded person; should such a person be considered socially excluded?

These empirical characteristics were then measured using the British Household Panel Survey (BHPS), and the results used to reveal the extent of and trends in exclusion on each dimension, the exclusion of the same people on multiple dimensions, the overlap among being income poor and poor in the other dimensions, and the number of dimensions of exclusion for those poor in terms of this multidimensional measure of poverty.

The authors found that in Britain in 1995, of those in income poverty, 20 percent fell below the social productivity threshold, 19 percent fell below the political activity threshold, and 16 percent fell below the social interaction threshold. Conversely, of those below the productivity (political activity, social interaction threshold), 39 (31, 32) percent were income poor.

References

- Atkinson, Anthony. 1989. "How Should We Measure Poverty? Some Conceptual Issues." In *Poverty and Social Security*, edited by A. B. Atkinson. Hemel Hempstead, UK: Harvester Wheatsheaf, 7–24.
- Atkinson, Anthony. 1998. "Social Exclusion, Poverty and Unemployment." In *Exclusion, Employment and Opportunity*, edited by Anthony Atkinson and John Hills. CASE paper 4, Centre for Analysis of Social Exclusion. London: London School of Economics.
- Atkinson, Anthony B., B. Cantillon, E. Marlier, and B. Nolan. 2002. *Social Indicators: The EU and Social Inclusion*, Oxford: Oxford University Press.
- Barnes, Matthew. 2002. *Poverty and Social Exclusion in Europe*. Northampton, MA: Edward Elgar.
- Barnes, Matthew. 2005. *Social Exclusion in Great Britain: An Empirical Investigation and Comparison with the EU*. Ashgate, UK: Aldershot
- Becker, Gary S. 1965. "A Theory of the Allocation of Time." *Economic Journal* 75(299): 493–517.
- Berthoud, Richard, and Mark Bryan. 2007. "Income, Deprivation and Poverty: A Longitudinal Analysis." Essex University (UK) Working Paper.
- Blank, Rebecca. 2008. "How to Improve Poverty Measurement in the United States." *Journal of Policy Analysis and Management* 27(2): 233–254.
- Bradshaw, J. 2004. "How Has the Notion of Social Exclusion Developed in the European Discourse?" *The Economic and Labour Relations Review* 14(2): 168–186.
- Burchardt, T., J. LeGrande, and D. Piachaud. 1999. "Social Exclusion in Britain 1991–1995." *Social Policy and Administration* 33(3): 227–244.
- Burchardt, T., J. LeGrande, and D. Piachaud. 2002. "Degrees of Exclusion: Developing a Dynamic Multidimensional Measure." In *Understanding Social Exclusion*, edited by J. Hills, J. Le Grand, and D. Pichaud. Oxford University Press.
- Cappellari, L., and S. Jenkins, S. 2006. "Summarising Deprivation Indicators." ISER Working Paper 2006-40, University of Essex (UK).
- Citro, Constance F., and Robert T. Michael, eds. 1995. *Measuring Poverty: A New Approach*. Washington, DC: National Academy Press.
- Cutler, David M., and Lawrence F. Katz. 1991. "Macroeconomic Performance and the Disadvantaged." *Brookings Papers on Economic Activity*, part 2, pp. 1–61.
- Danziger, Sheldon. 2007. "Fighting Poverty Revisited: What Did Researchers Know 40 Years Ago? What Do We Know Today?" *Focus* 25(1, Spring-Summer): 3–11.
- Danziger, Sheldon, and Peter Gottschalk. 2005. "Diverging Fortunes: Trends in Poverty and Inequality." in *The American People: Census 2002*, edited by R. Farley and J. Haaga. New York: Russell Sage Foundation.

- Desai, M., and Shah, A. 1988. "An Econometric Approach to the Measurement of Poverty." *Oxford Economic Papers* 40: 505–522.
- European Commission, Employment, Social Affairs and Equal Opportunities. 2006a. *Joint Report on Social Protection and Social Inclusion*. Brussels, April.
- European Commission, Employment, Social Affairs and Equal Opportunities. 2006b. "Portfolio of Overarching Indicators and Streamlined Social Inclusion, Pensions, and Health Portfolios." Brussels, June.
- Federman, Maya, Thesia I. Garner , Kathleen Short , W. Boman Cutter IV , John Kiely , David Levine , Duane McGough, and Marilyn McMillen. 1996. "What Does it Mean to be Poor in America?" *Monthly Labor Review* 119(5, May): 3–17.
- Goedhart, Theo, Victor Halberstadt, Arie Kapteyn, and Bernard van Praag. 1977. "The Poverty Line: Concept and Measurement." *Journal of Human Resources* 12(4): 503–520.
- Gordon, D., L. Adelman, K. Ashworth, J. Bradshaw, R. Levitas, S. Middleton, C. Pantazis, D. Patsios, S. Payne, P. Townsend, and J. Williams. 2000. *Poverty and Social Exclusion in Britain*. York, UK: Joseph Rowntree Foundation.
- Hagenaars, Aldi J. M. 1986. *The Perception of Poverty*. Amsterdam: North-Holland.
- Haveman, Robert, and Andrew Bershadker. 2001. "The 'Inability to be Self-Reliant' as an Indicator of Poverty: Trends for the U.S., 1975–1997." *Review of Income and Wealth* 47(3): 335–360.
- Haveman, Robert, and Andrew Bershadker. 1999. "Self Reliance and Poverty: Net Earnings Capacity versus Income for Measuring Poverty." Public Policy Brief, Jerome Levy Economics Institute of Bard College.
- Haveman, Robert, and Edward Wolff. 2005. "The Concept and Measurement of Asset Poverty: Levels, Trends and Composition for the U.S., 1983–2001" *Journal of Economic Inequality* 2(2): 145–169.
- Iceland, John. 2005. "Measuring Poverty: Theoretical and Empirical Considerations." *Measurement* 3(4): 199–235.
- Iceland, John, and Kurt J. Baumann. 2007. "Income Poverty and Material Hardship: How Strong is the Association?" *Journal of Socio-Economics* 36(3): 376–396.
- Jencks, Christopher, Susan Mayer, and Joseph Swingle. 2004. "Can We Fix the Federal Poverty Measure so it Provides Reliable Information about Changes in Children's Living Conditions?" Presented at a seminar on "Reconsidering the Federal Poverty Measure," American Enterprise Institute, September 14.
- Kilpatrick, Robert W. 1973. "The Income Elasticity of the Poverty Line." *Review of Economics and Statistics* 55(3): 327–332.
- Lampman, Robert. 1971. *Ends and Means of Reducing Income Poverty*. New York, Academic Press.
- Lenoir, R. 1974. *Les Exclus: Un Franc, ais sur Dix*. Paris: Editions du Seuil; 2nd edn 1989.

- Levitas, R. 2006. "The Concept and Measurement of Social Exclusion." In *Poverty and Social Exclusion in Britain: The Millennium Survey.*, edited by C. Pantazis, D. Gordon, and R. Levitas. Bristol, UK: Policy Press. Pp. 123–160.
- Levitas, R., C. Pantazis, E. Fahmy, D. Gordon, E. Lloyd, and D. Patsios. 2007. *The Multi-Dimensional Analysis of Social Exclusion*, Department of Sociology and School for Social Policy, University of Bristol (UK).
- Lichter, Daniel. 2005. "In Search of the 'Best' Poverty Measure." *Measurement* 3(4): 253–258.
- Mandelson, P. 1997. *Labour's Next Steps: Tackling Social Exclusion*. Fabian Pamphlet 581, London.
- Marlier, E., A. B. Atkinson, B. Cantillon, and B. Nolan. 2007. *The EU and Social Inclusion: Facing the Challenges*. Bristol, UK : Policy Press.
- Mayer, Susan E., and Christopher Jencks. 1989. "Poverty and Distribution of Material Hardship." *Journal of Human Resources* 24(1): 88–114.
- Mayer, Susan E., and Christopher Jencks. 1992. "Recent Trends in Economic Inequality in the United States: Income vs. Expenditures vs. Material Well-Being." In *Poverty and Prosperity in the USA in the Late Twentieth Century*, edited by Dimitri Papadimitriou and Edward Wolff. New York: St. Martin's Press.
- Meyer, Bruce D., and James X. Sullivan. 2003. "Measuring the Well-Being of the Poor Using Income and Consumption." *The Journal of Human Resources*, 38(Supplement): 1180–1220.
- Meyer, Bruce D., and James X. Sullivan. 2006. "Three Decades of Consumption and Income Poverty." University of Chicago Harris School Working Paper 04.16.
http://harrisschool.uchicago.edu/About/publications/working-papers/pdf/wp_04_16.pdf
- Murray, Charles A. 1984. *Losing Ground: American Social Policy, 1950–1980*. New York: Basic Books.
- Nolan, Brian, and Ive Marx. 2008. "Economic Inequality, Poverty, and Social Exclusion." *Handbook of Economic Inequality*. (forthcoming.)
- OECD. 1973. *The OECD Social Indicator Program: List of Social Concerns Common to Most OECD Countries*. Paris: OECD.
- OECD. 1976. *Measuring Social Well-Being: A Progress Report on the Development of Social Indicators*. Paris: OECD.
- OECD 1982. *The OECD List of Social Indicators. OECD Social Indicator Development Programme*. Paris: OECD.
- Oliver, Melvin L., and Thomas M. Shapiro. 1997. *Black Wealth/White Wealth: A New Perspective on Racial Inequality*, New York: Routledge.
- Orshansky, Mollie. 1963. "Children of the Poor." *Social Security Bulletin* 26(1): 3–13.
- Orshansky, Mollie. 1965. "Counting the Poor: Another Look at the Poverty Profile." *Social Security Bulletin* 28(1, January): 3–29 (reprinted in *Social Security Bulletin* 51(10, October 1988): 25–51.

- Paugam, S. 1995. "The Spiral of Precariousness: A Multidimensional Approach to the Process of Social Disqualification in France." In *Beyond the Threshold: The Measurement and Analysis of Social Exclusion*, edited by G. Room. Bristol: The Policy Press. Pp. 49–79.
- Pantazis, C., D. Gordon, and R. Levitas (eds.). 2006. *Poverty and Social Exclusion in Britain: The Millennium Survey*. Policy Press.
- Rector, Robert E. 2007. *How Poor Are America's Poor? Examining the "Plague" of Poverty in America*. Background Paper 2064. Washington, DC: American Enterprise Institute.
- Renwick, Trudi J., and Barbara R. Bergmann. 1993. "A Budget-Based Definition of Poverty, With an Application to Single-Parent Families." *Journal of Human Resources* 28(1): 1–24.
- Ribas, Rafael Perez, Guilherme Issamu Hirata, and Fabio Veras Soares. 2008. "Debating Targeting Methods for Cash Transfers: A Multidimensional Index vs. an Income Proxy for Paraguay's *Tekoporã* Programme." United Nations Development Programme, International Poverty Centre, Evaluation Note #2. <http://www.undp-povertycentre.org/pub/IPCEvaluationNote2.pdf>.
- Ruggles, Patricia. 1990. *Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy*. Washington, DC: Urban Institute Press.
- Saunders, Peter, and Laura Adelman. 2004. "Resources, Deprivation and Exclusion Approaches To Measuring Well-Being: A Comparative Study of Australia and Britain." Paper Prepared for the 28th General Conference of The International Association for Research in Income and Wealth, Cork, Ireland, August 22–28.
- Sawhill, Isabel. 1969. "The Role of Social Indicators and Social Reporting in Public Expenditure Decisions." In U.S. Joint Economic Committee, *The Analysis and Evaluation of Public Expenditures: The PPB System*. Washington, DC: U.S. Government Printing Office.
- Sen, Amartya. 1980. "Equality of What?" In *Tanner Lectures on Human Values*, edited by S. M. McMurrin. New York: Cambridge University Press.
- Sen, Amartya. 1983. "Poor, Relatively Speaking." *Oxford Economic Papers* 35(2): 153–169.
- Sen, Amartya. 1997. *On Economic Inequality*. Oxford: Clarendon Press.
- Sherraden, Michael. 1991. *Assets and the Poor: A New American Welfare Policy*. Armonk, NY: M. E. Sharpe.
- Short, K., T. Garner, D. Johnson, and P. Doyle. 1999. *Experimental Poverty Measures: 1990 to 1997*. Current Population Report P60-205, U.S. Census Bureau, Washington, DC.
- Short, K. 1999. "Experimental Poverty Measures: 1999." Current Population Report P60-216, U.S. Census Bureau, Washington, DC.
- Short, Kathleen. 2005. "Material and Financial Hardship and Alternative Poverty Measures in the USA." *Journal of Social Policy* 34(1): 21–38
- Slesnick, Daniel T. 1993. "Gaining Ground: Poverty in the Postwar United States." *Journal of Political Economy* 101(1): 1–38.

- Smeeding, Timothy M., 2005. "Poor People in Rich Nations: The United States in Comparative Perspective" (2005). Luxembourg Income Study Working Paper No. 419 Available at SSRN: <http://ssrn.com/abstract=835506>
- Smeeding, Timothy. 2006. "Measuring Poverty and Deprivation in a U.S. Context: Some Additional Considerations." *Measurement* 3(4): 258–260, and *Wealth* 25: 429–40.
- Tobin, James. 1970. "Raising the Incomes of the Poor." In *Agenda for the Nation*, edited by Kermit Gordon. Washington, DC: Brookings Institution.
- Townsend, P. 1979. *Poverty in the United Kingdom: A Survey of Household Resources and Standards of Living*. Harmondsworth, Mx.: Penguin.
- Triest, Robert K. 1998. "Has Poverty Gotten Worse?" *Journal of Economic Perspectives* 12 (1): 97–114.
- Turner, Lesley J., Sheldon Danziger, and Kristen S. Seefeldt. 2006. "Filing the Transition from Welfare to Work: Women Chronically Disconnected from Employment and Cash Welfare." *Social Science Quarterly* 87(2): 227–249.
- U.S. Bureau of the Census. 1977. *Social Indicators 1976. Selected Data on Social Conditions and Trends in the United States*. Washington, DC: US Government Printing Office.
- U.S. Bureau of the Census. 1981. *Social Indicators III. Selected Data on Social Conditions and Trends in the United States*. Washington, DC: US Government Printing Office.
- US Office of Management and the Budget. 1974. *Social Indicators 1973. Selected Data on Social Conditions and Trends in the United States*. Washington, DC: US Government Printing Office.
- United Nations. 1975. *Towards a System of Social and Demographic Statistics*. New York: United Nations.
- U.S. Census Bureau, 2007. Current Population Survey, Annual Social and Economic Supplements.
- van Dooren, Wouter, and Maria Aristigueta. 2005. "The Rediscovery of Social Indicators in Europe and the USA: An International Comparison. Paper prepared for the EGPA Annual Conference, Berne, Switzerland. http://soc.kuleuven.be/io/egpa/qual/bern/vanDooren_Aristigueta.pdf
- van Praag, Bernard M. S. 1968. *Individual Welfare Functions and Human Behavior*. Amsterdam: North-Holland.
- van Praag, Bernard M. S., Aldi J. M. Hagenaaars, and Hans van Weeren. 1982. "Poverty in Europe." *Review of Income and Wealth* 28(3): 345–359.
- Whelan, C. T, R. Layte, B. Maître, and B. Nolan. 2001. "Income, Deprivation and Economic Strain: An Analysis of the European Community Household Panel." *European Sociological Review* 17(4): 357–372.