Are we better off today than we were - 30 years ago?

University of Michigan public policy professor Sheldon Danziger says that reporters writing about the recent income report missed the big picture: We have had a generation in which there was no progress against poverty, even as the rich got richer.

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Q. How much progress has been made in fighting poverty in the last generation?

Q. How does the U.S. poverty rate compare to that in Canada and other industrialized countries?

Q. Is the official poverty rate higher or lower than it was 30 years ago?

Q. How has the share of total income received by the lowest fifth of households changed over time?

Q. Are there any prospects, given current economic conditions and public policies, for a return to the more equal America of the previous generation?

Q. Can government programs alleviate poverty and related problems?

I always find it unfortunate that the Census -- and the press -- emphasize year-to-year changes in poverty and incomes when the annual report on income and poverty is released each year. Little attention is given to placing these annual changes into the bigger historical context.

For example, we were told recently that poverty increased between 2002 and 2003 by 0.4 percentage points, to 12.5%. Most press reports focused on this fact. A few reporters covered the last few years, in part because this is an election year, and also emphasized that poverty increased by about 4.3 million people between 2000 and 2003, from 11.1% to 12.5%.

I think more attention should be given to the Census Bureau's historical record, which is not in the press release, but can be found in the full report. For example, the official poverty rate in 2003 was the same as it was in 1975.

That means that there has been no progress against poverty, even though the economy grew over these three decades. And, there is no reference in the Census report — and almost no discussion in the press — of the fact that poverty is much lower in Canada and other industrialized countries than it is in the U.S.

At the Census briefing we were told that median household income is substantially higher than it was in 1967, and that it did not change at all between 2002 and 2003. And we were told that the share of total income received by the lowest fifth of households fell from 3.5 to 3.4 percent from 2002 to 2003.
However, we were not told that 3.4 percent is the lowest level recorded since the Bureau began this series in 1967 (one simply has to look at Table A-3, pp.36-37). The share of the lowest quintile was 4.4 percent in 1975.

In 1975, in 2003 constant dollars, the mean household income of the lowest fifth was $9,143 and that of the highest fifth was $89,629. In 2003, the lowest fifth received $9,996 and the top fifth, $147,078. Thus, most of the income growth of the past 30 years accrued to the richest households.

Most press accounts stated that "inequality did not increase significantly last year." No one wrote that inequality has increased dramatically over the last 30 years and there are no prospects, given current economic conditions and public policies, for our returning to the more equal America of the previous generation.

It is worth pointing out that there is also an interesting story behind the Census report on the numbers of people who lack health insurance. The Census and most reporters emphasized the year-to-year change in the number of the uninsured. But not much was made of the fact that the data reveal that government programs work and that when new programs are put into place they can make a difference. Notice that there was no change in the percentage of children who lacked health insurance between 2002 and 2003. One of the charts that the Census Bureau presented showed that there was a decline in the percentage of children who were covered under their parents' employer-based plans during the year -- and an increase in the percentage of children who were covered by Medicaid and SCHIP (the State Child Health Insurance Program that was passed in 1997).

In other words, government programs filled the gap left by declining employer coverage. In an age when many citizens think "government is the problem," little attention was paid to the fact that the uninsured child problem did not get worse -- because the government intervened.

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