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ABSTRACT

To what extent did the economic boom of the 1990s-early 2000s improve the well-being of persons in the bottom rungs of the income distribution? This paper uses a pooled cross-state time series regression design to estimate the effect of earnings, unemployment, and inequality on poverty in the boom. I find that the tight labor market reduced poverty substantively, gainsaying the gloom that developed in the 1980s about the effect of economic growth on the less advantaged; and that socially undesirable behaviour also fell in the period, potentially due in part to the boom.. While the rising tide of economic progress can lift many boats, however, around 6-8% of Americans cannot be so helped, and thus constitute a relatively long term poverty population. Moreover, the level of the tide needed to improve the conditions of the less advantaged is a 4-5% unemployment rate, not the 6-6.5% unemployment once viewed as the NAIRU.

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That sustained economic growth can cure most economic ills is fundamental to the American view of how our market economy works. Americans give less support to policies that redistribute income outside the market than do the citizens of most other advanced democracies. Americans look more favorably on policies designed to produce equality of opportunity in schooling and in the job market than on policies that give citizens safety net insurance through the welfare state. President Johnson's 1964-1968 "War on Poverty" exemplifies this assessment. The War on Poverty initially put more resources in education and training to increase the marketable skills of the poor than in redistributing money to bring them above the poverty line. The President explicitly rejected the notion of simply cutting bigger welfare checks to the poor because he believed that much more than handouts to needy citizens was needed to cure poverty. Historically, economic growth has been highly efficacious in raising living standards. In 2000 the real wages of American workers were about five times their value in 1900. No amount of redistribution in 1900 could have produced a fivefold increase in the living standards of persons a century ago. Over 100 years the rising tide of economic progress has indeed lifted all boats. Simply by living in a wealthier society, today's poor have televisions, cars, and other consumer goods that did not exist years ago (Rector, Johnson, and Yousef, 1999), though they still face material hardships – the risk of loss of telephone service, electricity, housing, and uncertain medical insurance that make their lives insecure and difficult (Federman, et al).

The traditional view that a growing economy benefits all citizens, including the poor, did not, however, fare well in the 1980s. Economic developments from the mid 1970s to the early 1990s raised doubts about the ability of a growing economy to reduce poverty in a world of skill-biased technical change and globalization (Cutler and Katz). In the 1980s real gross domestic product (GDP)

per capita grew by 20% while the official rate of poverty for all families rose from 9.2% (1979) to 10.3% (1989). The early 1990s recession brought the rate of poverty to 12.3%, the same as in the 1983 recession and above the rates that had prevailed from 1966 through 1983. National policy-makers believed that any effort to lower the rate of unemployment below the “natural rate” of approximately 6% would generate accelerating inflation. Since unemployment is concentrated among the less skilled a six percent average rate of unemployment implies double digit unemployment for the lowest skilled and paid -- which seemed to doom them to a life of declining or stagnant real wages and continued poverty. Analysts feared that the “rising tide lifts all boats” view of growth and poverty had permanently broken down.

What a difference a decade of economic boom makes! The stellar performance of the US economy in the late 1990s challenges the gloomy reading about the link between the labor market and poverty based on the 1970s-1980s experience. With an unemployment rate hovering around 4% in 2000, the real wages of low skill workers increased noticeably and the unemployment of less educated and low skilled persons fell to levels last seen in the 1960s. Welfare reforms moved many single mothers from dependence into the work force, where some managed to earn above poverty incomes. Congress increased the minimum wage, which raised the earnings of the low paid with minimal if any loss of employment, and increased the earned income tax credit, which raised take-home income for low wage workers. The rate of poverty fell sufficiently rapidly in 1999 for President Clinton declare that under his Administration “the rising tide of the economy is lifting all boats”(September 26, 2000). Perhaps the 1980s was the exception rather than the new rule linking poverty to growth (Haveman and Schwabish, Cain). If the job market remains healthy and strong, perhaps the US can win the War on

Poverty by going with the flow of economic growth. But perhaps the President and other optimists are making too much of the reduction in poverty at the peak of a long economic recovery. It would be weird indeed if poverty did not fall in the longest economic boom in US history.

The conflict between the pessimistic view of the ability of the labor market to reduce poverty that developed in the 1980s-early 1990s and euphoria over the late 1990s boom motivates this chapter. How much can the labor market reduce poverty in the “new economy” of the 21st century? Will the rising tide of economic progress win the war on poverty in the foreseeable future? Or is something more needed to improve living standards at the bottom of the distribution?

The chapter argues that continued full employment will reduce poverty in the next decade but that the reduction will be less than needed to eliminate poverty whereas the loss of full employment – a return of unemployment to the 6% rate that the Federal Reserve and others regarded as natural in the mid 1990s -- will increase poverty substantively. The principal reason for this asymmetry is that with a poverty rate for individuals of 11.8% (the 1999 rate) and a poverty rate for families of 9.3% (the 1999 rate), many of the residual poor have characteristics that prevents them from entering the labor market or that limits their wages and hours worked. Many are disabled or must take care of disabled relatives or children; many are elderly retirees; while many others are less educated immigrants with very limited skills. I estimate that approximately 7% of the US adult population fit into these categories, putting a lower bound on the potential reduction in measured poverty in the next decade. By contrast, if the economy turns down and unemployment rises to 6-7% poverty will increase markedly, because the US’s scaling back of its safety net welfare system will leave many job losers with only modest access to non-labor market transfers. Thus, in both a perpetual full employment scenario and a return of the

business cyclic scenario, something more than the labor market will be needed to bring incomes at the bottom to socially acceptable levels. Given our nation's concern over the adverse incentive effects of welfare state redistribution of income, full employment is necessary to lower poverty in the New Economy. But given the characteristics and situation of the residual poor, it is unlikely to be a sufficient once the poverty rate for families falls into the area of 6-7 percent and the rate for persons falls into single digits.

Economic growth, business cycles, and poverty

The natural starting point for any investigation of how the the economy affects poverty is to examine the linkages between the secular growth of the economy and poverty and between the cyclical performance of the economy and poverty. Exhibit 1 summarizes these relationships from 1959, when the US Census first measured poverty using an official poverty line, through 1999.¹ The upper panel of the exhibit gives the rate of growth of GDP per capita and the level and change in poverty in each of the four decades covered. It shows that poverty fell rapidly in the 1960s when the economy grew rapidly and the nation began its War on Poverty (W. Locke Anderson). During this period, a 1 percentage increase in GDP per capita was associated with a 0.26 percentage point reduction in the poverty rate. Measuring poverty reduction in percentage terms, the elasticity of the rate of poverty to GDP per capita was over 1.5. In the 1970s, by contrast, the 22.9 percent rate of growth of GDP per capita was

¹ The official poverty rate is an imperfect indicator for a variety of reasons. It is based largely on the relation between food expenditures and income; it is calculated without taking account of some transfers and income; it ignores such important aspects of life as crime. Alternative measures of poverty that take account of some of these problems, however, show a similar pattern of change over time and similar differences among groups. Thus, little is lost by using the official rate in analysis.

associated with a fall in poverty of just 0.5 points; while in the 1980s a 19.1 percent growth rate was accompanied by a *rise* in poverty of 1.1 points. The 1990s looks much like the 1970s, with growth reducing poverty modestly. Taking the 1970s, 1980s and 1990s together gives a depressing picture of the ability of economic growth to reduce poverty: over those three decades, GDP per capita rose by 73% while the rate of poverty among families barely fell from 9.7% in 1969 to 9.3% in 1999.²

The bottom panel of exhibit 1 organizes the 1959-1999 experience into periods of recession and recovery. It records the change in unemployment rate from peak to trough or trough to peak defined by the level of unemployment, and the corresponding change in the poverty rate of families. The column to the far right gives a crude measure of the impact of unemployment on poverty within each period – the ratio of the changes in the poverty rate to the change in the unemployment rate. By this metric, the recessions and booms in the 1960s stand out as extraordinary: poverty fell modestly in the 1959-61 recession and dropped sharply in the 1961-69 recovery, giving an impact coefficient of 2.63. In succeeding recessions, poverty and unemployment rise together, and the impact coefficient rises until 1989-92. In succeeding booms, declines in unemployment are associated with falls in poverty smaller than those in the 1960s. The 1992-99 recovery was associated with a larger drop in poverty per percentage point change in unemployment than the 1982-89 and 1975-1979 recoveries. Still, the fall in poverty in the 1990s recovery fell short of the fall in the 1960s and early 1970s recoveries. Since poverty rates hover around 10% - 12% from the 1970s on, this finding is not an

² The rate of poverty among individuals shown in Appendix A followed a similar pattern, falling from 12.1% in 1969 to 11.8% in 1999. The rate of poverty for individuals and families are highly correlated, so that it is largely a matter of convenience or taste as to which one uses in analysis.

artefact that results from using percentage points to measure changes in poverty rather than measuring changes in percentages or some other metric.

All told, exhibit 1 shows that by itself, macro-economic performance, good or bad, does not predict well the magnitude of change in poverty. Other factors intervene between aggregate economic performance and the proportion of the families (or individuals) that falls below the poverty line. What might these factors be? Why was the rising tide associated with a great reduction in poverty in the 1960s, little or no reduction in 1970s and 1980s, and with a renewed but more modest reduction of poverty in the 1990s?

Four types of factors might explain the divergent decadal and cyclic patterns shown in exhibit 1: demographic factors; the bell curve shape of the income distribution; governmental policies; and labor market factors.

Demography

The principal demographic change that may have altered the relationship between the economy and poverty is the increased proportion of single-parent female-headed families. Single-parent female-headed household have disproportionately high rates of poverty -- rates 3-4 times those of all families - - so that, all else the same an increase in the single parent share of families in the US would raise poverty independently of economic growth, and thus weaken the growth-poverty link over time. The increased proportion of lone parent female headed families is one of the most widely documented and studied social phenomena in the latter part of the 20th century (Cancian and Reed, this volume). In 1959 the vast bulk of the poor were in married couples. In 1965 when Daniel Patrick Moynihan raised alarms about the rise of female-headed households among blacks, the proportion of female headed

households among whites was modest. By contrast, by 1999 the proportion of families with female householders, no husband present, among whites was on the same order of magnitude as the proportion among blacks that upset Moynihan, while the proportion among blacks was two and half times the rate that disturbed him. The absence of a male breadwinner in families invariably increases poverty in a world where men earn more on average than women, and where many families need two earners to achieve a reasonable level of income. In 1999, 49.6 percent of people in families who fell below the poverty line were in families with female householders, no husband present, while 30.4 percent of female headed households were poor (US Bureau of the Census, 2000, tables B-1).³ Many of these families received welfare benefits but cash welfare payments have been historically insufficient to move families above the poverty line.

The most direct way to estimate the contribution of changes in the family composition on poverty is to decompose changes in poverty using a shift-share analysis. In such an analysis, one assumes that different types of families have constant rates of poverty and calculate how changes in the distribution of the groups alters aggregate poverty. Analysts who have done this find that compositional factors have only a modest impact on changes in poverty. Danziger and Gottshalk (1995) show that the decline in poverty from 1949 to 1969 was due entirely to economic changes with demographic changes working in the opposite direction. They attribute the rise in poverty from 1973 to 1991 (the last year of their analysis) to the weakened effect of economic changes rather than to any massive

³ Since there are a sizeable number of poor persons who are not in families, the proportion of all people below poverty in female headed households is somewhat lower – 36 percent in 1999 (US Bureau of the Census, 2000, table B-1).

change in the demographic composition of the population (Danziger and Gottshalk, (1995) ,table 5.3). Most importantly, they identify sluggish growth in mean adjusted income as the principal cause for the failure of the economy to reduce poverty in the 1970s and 1980s. Similarly, Mishel, Bernstein, and Schmitt (2000) report that family structure changes were “quite unimportant” in accounting for the divergent pattern of poverty reduction among decades as well (table 5.12). One reason for the unimportance of demographic shifts is that the changed composition of families was not the only demographic development in the period. The educational attainment of family heads increased over the period, which should have reduced poverty by about as much as the rising proportion of female-headed homes increased poverty. The bottom line is that changes in income within given demographic groups dominates the change in poverty while changes in the share of groups in the overall population are only a minor element in the observed patterns.

Changes in the family composition of the population could, however, affect the growth-poverty relation in another way that the standard decomposition analysis of changes does not measure. This is by affecting the impact of any given change in growth or unemployment on poverty. Assume that the population consists of two groups: one made up largely labor market participants whose incomes depend greatly on the state of the aggregate economy; and a second group made up largely of nonparticipants, such as retirees or persons on welfare, whose incomes are largely independent of the aggregate economy. A shift in the population near poverty from participants to non-participants would reduce the impact of economic growth on aggregate poverty. As the US population has aged over time, it has arguably shifted from young persons whose poverty status depends greatly on the aggregate economy to older persons whose poverty status does not depend so much on the aggregate economy.

This demographic story also does not explain the data in exhibit 1. The timing of the change in the age composition of the population is inconsistent with aging greatly affecting the link between growth or unemployment and poverty. Baby boomers first entered the job market in large numbers in the 1970s, which should have raised the impact of growth or unemployment on poverty, contrary to the observed weakening of the relationship. Similarly, the falling youth share of the population in the 1990s was associated with a stronger relationship between growth or unemployment and poverty, rather than with a weaker relationship. Finally, as we shall see, while the 1990s boom was associated with a greater fall in poverty among persons below age 18 (presumably because their parents did better in the job market) than in poverty among persons aged 65+, both groups had larger drops in poverty than persons 18-64.

The shape of the income distribution

A different compositional factor does help explain the changing extent to which the rising tide story fits US poverty experience. This is the single peaked or roughly bell-curve shape of the *distribution of incomes* around the mean value of income. Consider the normal distribution in Exhibit 2. When the mean income shifts to the right the entire distribution shifts in that direction. Because the rate of poverty is defined in absolute terms, increases in income have larger effects in reducing poverty when the average income is closer to the poverty line than when it is further away. After all, large numbers are found in the middle of the bell-curve distribution but only a few persons are found in the tails. The implication is that if the income distribution maintains the same shape as the economy grows, any given increase in mean incomes necessarily reduces poverty by less at higher levels of income than

at lower levels of income.⁴ It takes a larger change in mean income to reduce poverty by 1 percentage point when the poverty rate is 10% than when it is 25%, simply because there are fewer people in the tail of the distribution.

To assess the magnitude of this effect, I calculated the effect of an identical change in income on the proportion of the population that falls below poverty using a normal distribution table. A change in income in this analysis is comparable to a change in the value of the standard normal variable. The rate in poverty is the proportion of the population in the bottom tail of the distribution. When 30% of the population is in the bottom tail, an increase of 0.1 points in the standard normal variable (ie in income relative to the standard deviation of income) would reduce poverty by 3.2 percentage points. When 20% of the population is in poverty, the same increase in income would reduce poverty by 2.6 percentage points -- 0.6 points less. When 10% of the population is in poverty, an increase in income of 0.1 points would lower poverty by even less -- 1.6 percentage point effect. Thus, the impact of an increase in income on poverty falls roughly in half as poverty drops from 30% to 10%, due simply to the shape of the income distribution.

If the US income distribution had the same shape over time, this distributional analysis would give us the entire story of the relationship between the growth of the mean income and poverty. Growth would be associated with a falling impact on poverty dependent on the shape of the income distribution (variance in the case of the normal distribution).⁵ But such a story would never predict rising poverty

⁴ This is true once the rate of poverty is below 50%.

⁵ In this calculation, I have used a standard normal table. Income distributions fit more closely lognormal distributions, so one could repeat the exercise for that distribution. But there are complications at the lower (and upper) part of the tail of the distribution that makes neither of these

rates as income grows nor the stronger relation between growth and poverty in the 1990s than in the 1980s. Other factors must also be at work.

government policies

Government policies can affect the relation between economic growth and poverty and the cyclic impact of unemployment on poverty. The most immediate way in which the government alters the rate of poverty is by direct transfers to citizens with below poverty level incomes. These transfers can take the form of money (a negative income tax for all persons, or an earned income tax credit for those who work) or of specified goods or services (food stamps, health insurance; subsidized housing). Governments can also affect poverty by intervening in wage determination in the labor market (minimum wages); by regulating the hiring and promotion policies of firms (anti-discrimination policy); by regulating workplaces (occupational health and safety); and in diverse other ways as well. The timing of federal government efforts to reduce poverty is broadly consistent with the decadal patterns shown in exhibit 1. The 1960s were the heyday of the War on Poverty, while succeeding decades saw fewer anti-poverty initiatives. But the U.S. has never developed a European-style welfare state that would make poverty rates depend largely on government policy. Spending on food stamps, AFDC, and other programs was never so large as to raise many families above the poverty line. Something more is needed if we are to understand the changing relationship between growth and poverty over time and assess the validity of the rising tide analogy. That something else is the labor market. Approximately

distributions ideal. Simulation of the effects of changes in mean income on poverty using actual income distributions would give the most accurate measure of the declining effect of changes in income on poverty as poverty falls.

three fourths of family income comes from labor income, and even families in the lowest fifth of the income distribution, where government transfers are important, rely more on labor income than on any other source.

labor market forces: real wages and wage inequality

Perhaps the most striking difference between the economy in the 1960s and in ensuing periods is that in the 1960s economic growth was associated with large rises in the real wages of workers, whereas in ensuing years growth was associated with only a modest increase on real wages. In the 1960s, when poverty fell substantially, the real average hourly earnings of non-supervisory workers in the private sector increased by 19.3%. In the 1970s when poverty barely dropped, real average hourly earnings rose by just 2.4%. In the 1980s, when poverty increased, real average hourly wages actually fell by 6.5%. Finally, in the 1990s, when poverty decreased modestly, growth was associated with a rise in real wages of 2.9%. Real average hourly earnings fell in the first part of the decade by 3.3% (1989-95) and then rose by 6.4% in the later part (1995 to 1999).⁶ These data suggest that the major factor in the declining impact of economic growth on poverty shown in exhibit 1 is a change in the relationship between the growth of the economy and the growth of real wages.

Exhibit 3 examines the interrelations among growth, real wages and poverty. Panel A graphs the growth of real wage against the growth of GDP per capita. It shows that the rate of increase in real wages associated with a given growth rate fell sharply between the 1960s and later periods, recovering only modestly in the 1990s. Panel B graphs the percentage point reduction in the poverty rate against

⁶ These data are for all private non-supervisory workers, as reported by the Council of Economic Advisors in the Economic Report of the President 2000, table B-45

the growth of real wages. Here, the data points fit along a line that shows that the pattern of poverty reduction associated with real wage growth has barely changed over time. The natural conclusion to draw from these data is that the breakdown in the historic link between the growth of the economy and the growth of real wages is a major contributing factor to the weakened impact of growth on poverty over time.

The sluggish growth of real wages in the US is not, however, the only labor market factor that has weakened the link between economic growth and poverty. As many analysts have documented (see Levy and Murnane for a summary) wage inequality increased massively in the US in the 1980s, if not earlier. When the distribution of earnings is stable and real wages rise, growth lowers the rate of poverty, albeit with smaller impacts as poverty falls. In a period of rising inequality, the effects of growth on poverty can be offset or overpowered by rising inequality (see Exhibit 2). If, for simplicity, we measure inequality as the ratio of the earnings of persons with poverty level incomes to mean earnings, inequality would have to rise at the same rate as mean earnings to produce the rough stagnation in the rate of poverty between 1969 and 1998. Historically, real wages have grown *pari passu* throughout the income distribution, so that the distribution of wages was roughly unchanged or narrowed modestly. This did not occur in the 1980s. In that period, the earnings of low paid workers fell in real terms while the wages of higher paid workers rose or remained roughly constant. Declines in the earnings of low paid workers, due to falling mean wages and a widening income distribution, translate into higher rates of poverty, absent other factors, such as increased employment by other family members or governmental transfer or labor market policies.

regression analysis of the impact of real wages and inequality

To assess the relative importance of the level of the real wage and of inequality in wages to poverty, I have undertaken two statistical analysis that link the rate of poverty to the real wages of workers, various measures of inequality, and the rate of unemployment: a times series analysis that uses national data; and a pooled cross-section time series analysis that uses data for individual states.

Exhibit 4 show the results of the time series analysis. The dependent variable in the upper part of the table is the rate of poverty for families. The dependent variable in the lower part of the table is the rate of poverty for individuals. Real earnings are average hourly earnings for non-supervisory workers in the private sector deflated by the consumer price index. Inequality is measured in two ways: as the Gini coefficient of family income, which reflects inequality in the entire distribution; and as the ratio of median family income to the income of families in the bottom quintile of the distribution – a measure of inequality for the lower half of the distribution. Unemployment is the national rate of unemployment for all persons. Because the 1960s differed so much from ensuing decades in poverty reduction, I estimate the equations for the 1969-1999 period that excludes the 1960s as well as for the entire sample period. The regressions show that regardless of how we measure poverty or the distribution of income, the three economic variables -- real wages, inequality, and unemployment -- have sizable and significant impacts on poverty. The coefficients on real wages and inequality (though not on unemployment) are smaller in the regressions that exclude the 1960s than in the regressions for the entire period, as we would expect given the lower rate of poverty and higher level of income post the 1960s reduction in poverty, but the coefficients are still substantial.⁷ The weakened impact of

⁷ I also estimated regressions in which I used the level of GDP per capita in place of the real wage as a right-hand side variable. The R^2 in these regressions was lower than those in Exhibit 4,

economic growth on poverty in the 1970s and 1980s thus appears to be due primarily to the weakened impact of growth on real wages and the rise of inequality, not to any collapse of the link from the job market to poverty. Note finally that in all of these regressions the coefficient on the time trend term is negative: this could reflect the fact that the US government had anti-poverty programs in place over the entire period, though a simple time series regression like this is no way to demonstrate the effectiveness, if any, of anti-poverty policies.

With just 40 data points for the entire period and only 10 points for the 1990s, we are limited in our ability to reach reliable conclusions from national time series data, particularly for the more recent decade. Accordingly, I examine next the links between labor market factors and poverty across states in the 1990s. Poverty varies more across states than in the country as a whole, and has changed differently among states as economic conditions have changed. Since unemployment and real wages also vary considerably across states, we have wider variation in both the independent and dependent variables over time, which should provide more reliable estimates of the effects of labor market factors on poverty. The data on poverty come in the form of three year moving averages for all persons in a state, which I have centered on the mid year for the analysis. Measures of real wages, inequality, and unemployment relate to the particular year, rather than to a moving average. The real wage figures are the median hourly earnings of all workers in a state from the CPS files, as calculated by the Employment Policy Institute (EPI). Unemployment rates are the rate of unemployment for all workers, as reported in Employment and Earnings. To measure inequality, I have taken the ratio of the earnings

which indicates that poverty is more closely linked to real wages than to the more aggregate real GDP per capita measure of growth.

of the median worker to the earnings of the bottom quintile worker, calculated by EPI. Line 1 gives regression coefficients for the effect of the ln of the median earnings of workers in a state, earnings inequality in the state, and unemployment on the rate of poverty, with year dummies included to reflect changes over time. All of the regression coefficients are highly significant and sizable. A one point change in unemployment changes poverty by 1.0 points while a 1% change in ln median earnings reduces poverty by 0.21 percentage points. An increase in inequality has an offsetting 0.26 impact, in the direction of raising poverty. Inclusion of state dummy variables in line 2 removes the cross state variation and focuses attention on how changes in unemployment and wages within a state affect poverty within a state. Because some of the variation in poverty with labor market factors occurs across states, the estimated coefficients fall, but they still remain substantial and significant. In these calculations, unemployment reduces poverty by over a third of a point for each point reduction in the unemployment rate, while an increase in ln real earnings has a -0.16 impact on poverty. Lines 3-4 replace the median earnings and inequality measures with the ln of earnings of workers in the bottom quintile. Given the similar magnitude of the impact of real wages and inequality on poverty in the previous regressions, the estimated effect of ln earnings of low paid workers of -0.21 (line 3) and -0.13 (line 4) are comparable to the estimated effect of the ln of median earnings, holding inequality fixed in the corresponding lines 1 and 2..

Since the unemployment rate cannot drop much below the 4% or so rate attained in early 2000, the effect of the labor market on poverty at time proceeds depends critically on how median real wages and inequality change or what amounts to the same thing, on how the real wages of low paid workers change. The coefficients of -0.16 or -0.13 from the regressions with state dummies suggest that even a

booming labor market will not reduce the rate of poverty rapidly in the future. If real wages rose by, say 2% in a year, these estimates indicate that poverty would fall by about 0.3 percentage points.⁸

Thus, it would take 3 years of solid real wage gains to lower the poverty rate by 1 percentage point.

The impact of work experience

The analysis thus far has inferred the effect of employment on poverty by statistical analysis of the impact of unemployment on poverty. But it is joblessness per se, rather than unemployment that is most likely to contribute to poverty. Someone who lacks work because they are disabled and out of the labor force (and thus missing from the unemployment count) has the same zero earnings from the labor market as someone who is unemployed. To get a more accurate picture of the relationship between a person's employment experience and their poverty status, I have examined the poverty status of workers differentiated by their work experience, for persons with different ages and with different gender and ethnicity. Exhibit 6 records the results for 1999; the pattern in other years is similar. The principal finding is that for all persons, regardless of gender, ethnicity, and age, there is a massive difference in poverty rates between persons who work **full time year round work** and those who work less than that, with poverty endemic among persons with no work experience. For the country as a whole, just 2.6% of all Americans who worked full time year work were in poverty in 1999 compared to 13.1% in poverty from those who worked either part time or part year and 19.9% in poverty from those who did not work at all. There is effectively no gender difference in rates of poverty for persons with the same work experience, but there is a marked difference in poverty among

⁸ We multiply the real wage increase of 0.02 by -.16 or -.13 and get an expected decline in poverty of -.003 (rounded) in both cases, and thus a fall in poverty by 0.3 percentage points.

ethnic groups. Blacks and Hispanics who work year round full time have higher poverty rates at all levels of work experience than whites. But they also have steep declines in poverty with work experience. Blacks who work full time year round have a poverty rate of 11.6% – 25.3 percentage points less than blacks with no work experience. Hispanics who work full time year round have a poverty rate of 7.0% compared to 33.5% for those who do not work at all. The pattern of markedly lower poverty among those who work full time year round than among those who work less holds even for teenagers and the elderly, though here other sources of income (family support; social security) produce lower poverty rates for those with no work experience than for other age groups.

Poverty in the 1990s boom

At the turn of the 21st Century the US economy was the envy of the world. It was the envy of the world for one basic reason: that the US labor market reached full employment, for the first time in decades. The employment population rate in the US was at an all-time peak, and the unemployment rate fell to 4%-5% without inflation -- which the Federal Reserve Board and other experts had viewed as impossible as late as 1996. If the labor market is as important in determining poverty as the preceding analyses indicate, then surely this great boom should have reduced poverty, particularly for groups with initially high poverty rates.

The preceding analysis suggests that economic growth reduces poverty in a boom not only when employment rises, as it inevitably does, but when the boom also increases the real wages of lower paid and less skilled workers. Did the the 1990s boom raise the pay of low paid workers or did it largely benefit the well-to-do, as in the 1980s, justifying the gloom about the ability of a rising tide to lift all economic boats?

Exhibit 7 shows that low wage workers categorized in various ways had real wage increases in the late 1990s economic boom. From 1996 to 1999, the usual weekly earnings of workers in the bottom decile of the wage distribution rose by about 10%. The median earnings of men aged 16-24 rose by 8% after having fallen steadily since 1980. The earnings of workers in low paid industries increased and the earnings of workers in low paid occupations rose. Among ethnic groups, the usual earnings of blacks increased more rapidly than those of whites, so that the ratio of usual weekly median earnings of all black full-time male workers to white full-time male workers rose from 0.71 in 1996 to 0.76 in 1999. To be sure, the earnings of the low paid and disadvantaged did not rise to their 1970s levels. Nor did the late 1990s gains reverse the long term increase in earnings inequality. What the boom did was to arrest the rising trend in inequality, so that economic expansion has once again improved the living standards of low paid workers and distribute the fruits of economic growth more or less equally distributed among the working population. This in turn reduced poverty.

Exhibit 8 examines the pattern of poverty reduction in the 1990s boom. It records rates of poverty for persons and for families in 1992, when the economy was at rock bottom, and in 1999, the latest year for which I have data on the boom, and gives the change in poverty rates over the period. The exhibit shows sizeable 3.0 percentage point drop in the poverty rate for persons and a 2.6 percentage point drop in the rate for families. The declines in poverty for minority groups with exceptionally high poverty rates, blacks and Hispanics, are far greater, nearly 10 points for black persons and over 9 points for black families, and nearly 9 points for Hispanic persons and over 6 points for Hispanic families. There are sizable drops in poverty for persons in all age groups, which are largest for those less than 18, presumably because their parents worked more at higher wages as the boom

lengthened. Most striking are the double digit declines in poverty among single parent female-headed homes. The US has not seen drops of this magnitude since the 1960s.

In short, poverty reduction in the 1990s boom shows that when economic growth produces “genuine” full employment, so that real wages as well as employment increase, the rising tide of economic progress can indeed substantially cut into poverty, particularly among the demographic groups with the highest poverty rates.

How far can the rising tide go?

How much further can the rising tide take the US? In 1999 the rate of poverty for persons in the country was still in double digits, and even in the state with the lowest rate of poverty among persons in 1998-99, Maryland, poverty was at 8%. The reduction in poverty among single parent female-headed homes still left over a third of those families in poverty in 1999. Assuming that full employment continues, what are the prospects for reducing the rate of poverty among the “residual poor”?

One way to answer this is to look at the characteristics of persons in poverty or of persons in families in poverty in the boom year 1999 and to infer from those data the potential for full employment to improve their economic situation. Exhibit 9 records the characteristics of adult persons (those aged 16 and over) the poverty line and shows their relationship to the labor market in March 2000 and in the preceding year. A substantial proportion of persons in poverty in 1999 have characteristics that will make it hard for them to benefit from a booming labor market. Only 42 percent of poor persons aged 16 and over worked at all in 1999. Of those who did not work in 1999, twenty-four percent said that they could not work because they are disabled; 27% said it was because they had retired; and 23% cited family responsibilities. Taking the 16+ poverty population as a whole, 21% were disabled, and

15% were over 64 – thus unlikely to work. Another substantial proportion of poor persons had relatively little education: 17.5 percent have grade school or less education while 26.7 percent had between 8 and 12 years of schooling. Twenty-three percent were immigrants, largely from less developed Latin American and Caribbean countries with limited job skills.⁹ Adding together the “risk” factors of age, disability, immigrant status, and poor education, 53% of the adults in poverty families in 1999 had at least one such difficulty.

Consistent with this picture, relatively few of the adult non-students in poverty in 1999 were working (44.5%) while 8.1% were unemployed looking for work in March 2000. The bulk were “out of the labor force” and thus unlikely to benefit much from improved labor market conditions. Many said that the reason they were not looking for work was that they were disabled or retired, while relatively few said that it was because they could not find work. Those who had worked in 1999 had an average hourly wage considerably above the minimum wage, but worked only 36 of 52 weeks and averaged 36 hours per week. The reasons these persons only worked part of the year are myriad, but if it at the peak of a long boom, they could not manage to work more despite their families falling into poverty, it is unlikely that a longer boom could greatly increase their work time.

All told, close to 60% of the adults in poor families were unlikely to be able to benefit much from the labor market. Even if we eliminate all persons over 65 and reduce the age range to 18-64

⁹ New immigrants are likely to rise in the US earnings distribution as they assimilate to over time, so that immigration is a very different condition than low education or disability. But new immigrants are also likely to be replaced at the bottom of the distribution by new immigrants, maintaining a constant in-flow of people into US poverty. Many immigrants who come from poorer countries are likely to improve greatly their living standards while falling below the US poverty line for some period.

and exclude any full-time students, the proportion of the adults in poor families subject to problems that would limit their benefitting from work is sizeable -- around half.

Another way to assess how much poverty might drop with continued full employment and rising real wages is to examine the extent to which the current income of families in poverty falls short of the poverty line. Families whose income is close to the poverty level could arguably rise above that level if the wages or employment of family members improved moderately. Families with income is far below the poverty rate, by contrast, are likely to suffer from problems that limit their participation in the market. Data from the US Bureau of Census (2000, table D) shows that most of families on poverty are thousands of dollars below the poverty line. The average income deficit for poor families (the dollar amount needed to raise a poor family out of poverty) was \$6687 in 1999. The distribution of families by the level of deficit shows that increases in family income of even \$1000 per family would move just 9.2 % above the poverty line -- which in turn would reduce poverty by about 1 percentage point¹⁰. Increased incomes of this magnitude would greatly improve the well-being of those in poverty, but the poverty rate would not capture the true extent of the improvement because so many poor families are far below the poverty line.

Finally, scattered evidence on the extreme forms of poverty -- homelessness and hunger -- that grew in the wake of the recession of the 1980s -- support the conclusion that even a strong boom will not raise all boats in the economy. The US does not have national data on homelessness so that inferences about patterns of change in homelessness during the 1990s boom come from scattered reports. A 1997 National Coalition for the Homeless review of research conducted in 11 communities and 4 states found that shelter capacity more than doubled in nine communities and three states during the preceding decade, indicating greater demands on shelters at least through 1997. In its 1998 report,

¹⁰ These data are from US Bureau of the Census, 2000, Table E.

the National Committee of Mayors also indicated that homelessness had not fallen in urban areas. Since these groups base their reading largely on use of shelters, they could be confusing shelter usage with increased homelessness, but the basic economics of homelessness suggests that they cannot be too far off base. One contributing factor to homelessness is the price of rental housing, which has risen in the boom. Another factor is that a sizable proportion of the homeless population have serious problems – mental illness, physical ailments, drug or alcohol addiction, or a history of crime – which reduces their employability, so that an economic boom is likely to help them less than other citizens.

As for hunger, the US Department of Agriculture's study of food insecurity and hunger in the US derived from a special supplement to the Current Population Survey shows little improvement through 1998. The government defines food insecurity as lacking access to food to meet basic needs, but which need not produce outright hunger. Outright hunger is more severe. The 1998 study found that 36 million people, over a third of them children, lived in households that were food insecure. This is over 10 percent of American households! About 10 million persons lived in households suffering outright hunger in 1998 – or about 4% of the population. The incidence of food insecurity was higher than average among households with children, especially those led by single women, minorities, and households with poverty level income. There appears to be no change in the overall prevalence of food insecurity in the United States between 1995 and 1998. Additional evidence of the extent of hunger in the US is the fact that emergency food shelters provided food to over 25 million people in 1998 -- with again no evidence of declines in usage over time.

Conclusion: economic boom and behavior

Overall, however, while the US has a residual poverty population whose position even a booming labor market can improve little if at all, the fact that the 1990s economic growth was associated with reduced poverty goes a long way to gainsaying the gloom that developed from the 1980s. With unemployment rates of 4% to 5%, the rising tide of 1990s growth raised the wages as well as the employment of poverty-prone persons and groups whom the growth of the 1980s had bypassed.

There is one additional piece of good news from the 1990s boom, on which social science research is just beginning to focus -- that many forms of socially deleterious behavior that threatened to lock persons into a life of poverty also declined in the 1990s. Persons in poverty-prone groups seem to have responded substantively to the employment and earnings opportunities that the boom offered them, taking advantage of newly available opportunities to work (Freeman and Rodgers, 2000) and rejecting "underclass" activities that many analysts had come to view as an intractable part of the US social system.

The most well-documented behavioral change is the drop in crime. Administrative data on crimes reported to police and survey based reports of victimizations by citizens show a huge drop in crime in the 1990s. While falling crime in New York City has been widely publicized around the world (and attributed to particular policing policies), in fact the drop is country-wide -- found in cities and towns with very different policing strategies -- and is greatest in areas of the country with the best labor market conditions. Three econometric studies, covering somewhat different time periods and area groupings, have found that the change in crime is closely associated with labor market conditions (Gould, Weinberg, and Mustard, 1998; Raphael and Winter-Ebmer, 2000; Freeman and Rodgers, 1999). Based on these findings, I estimate that about one-third of the 1990s drop in crime in the US is attributable to the booming job market (Freeman, 2000). The reduced supply of young less educated men to the criminal underclass, with its adverse effects on employment and earnings in the market, promises better lives and higher incomes for persons from poor largely inner city backgrounds in the future.

For disadvantaged women, the key indicator of underclass behavior is having children out of wedlock in their teens, which has historically led them to rely on welfare for their later subsistence. In 1996 the US Congress enacted legislation designed essentially to eliminate "welfare as we know it", by restricting the length of time persons could be on welfare and by encouraging states to get welfare moms into work. Absent the late 1990s boom, the new welfare policies might have been a disaster. But in the strong labor market, they succeeded beyond anyone's expectation. There was a remarkable

drop in the welfare population and increase in the employment of former welfare recipients. In June 1999 6.9 million persons received welfare, which contrast with 14.4 million persons receiving welfare in 1993. The proportion of the US population on welfare more than halved -- went from 5.5% to 2.5%. In a careful econometric analysis, the Council of Economic Advisers attributed part of this striking drop to full employment, part to the new welfare law, and part to the fact that the law operated in a full employment economy (an interaction effect).

Over the same period, the birth rate for teenage women fell sharply, due in large part to a drop in the teen pregnancy rate. In 1991 the birth rate for women aged 15-19 was 62.1 per 1,000. In 1998, the rate was 51.1. Among blacks the teen birth rate fell from 116 per 1,000 to 85 per 1,000. Officials at the National Center for Health Statistics reported that for girls 15-17 the teen-age birth rate had reached its lowest level since 1969 (NY Times, 1999). These drops occurred despite a decline in the abortion rate among teens, which implies that the main cause was a drop in the teen pregnancy rate. I know of no estimates of the extent to which the booming job market contributed to this change in behavior, but certainly the better opportunities for these young women and for the men in their lives must have led some to postpone having children until later in life.

The reduction in poverty and improvement in behavior that accompanied the 1990s boom does not, however, mean that the US can rely exclusively or even primarily on economic growth toward the goal of ending poverty. The shape of the income distribution and the characteristics of the residual poor suggest that the effect of full employment on poverty will weaken in the future. As noted, many of the residual poor have personal characteristics that keeps them out of the job market and thus makes it hard for them to benefit from full employment. Social policy, private or public, will be needed to bring their living standards above any measured rate of poverty. For some, ending poverty will simply require additional income transfers. For others, however, such as many of the homeless, drug addicts, and persons subject to serious mental ailments, among others, more than money will be necessary since their problems are more extensive -- illnesses of sorts rather than simple lack of cash.

The other area of caution from the experience of the 1990s is that the US economy requires

rates of unemployment of 4-5% to overpower the forces of inequality and improve the conditions of low wage workers. Anything short of the 4% to 5% unemployment rates that the Federal Reserve and other macro-economic policy-makers once viewed as unsustainable will return the US to a 1980s experience of economic growth without reduction in poverty. The rising tide of economic progress can lift many boats, but the ebb tide of recession can sink many boats, as well. The lesson of the 1990s is that the key indicator of the level of the tide is not 6-6.5% unemployment but 4-5% unemployment. Even then, moreover, something more will be needed to improve the living standards of the poor who cannot benefit from a booming job market.

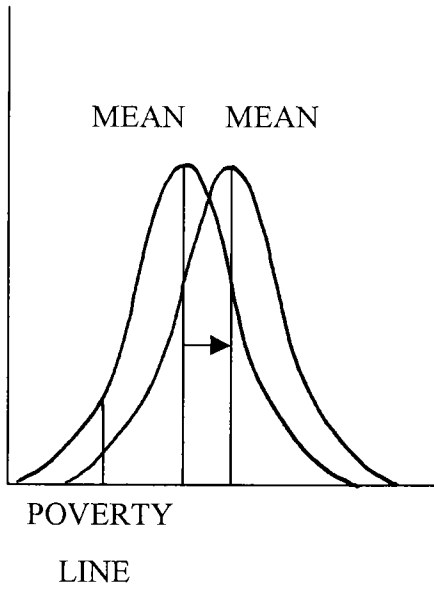
EXHIBIT 1: Four Decades of Growth, Cyclical Swings, and the Family Poverty Rate

YEARS	% Δ GDP per capita	Poverty		Δ Poverty in percentage points
		Start	End	
Decadal Patterns				
1959-69	34.6	18.5	9.7	-8.8
1969-79	23.8	9.7	9.2	-0.5
1979-89	22.9	9.2	10.3	1.1
1989-99	22.2	10.3	9.3	-1.0
Cyclical Patterns				
Recessions	UNE	Δ Poverty	Δ Poverty / Δ UNE	
1959-61	1.2	-0.4	-	
1969-71	2.4	0.3	.13	
1973-75	3.6	0.9	.25	
1979-82	3.9	3.0	.77	
1989-92	2.2	1.6	.73	
Recoveries				
Recoveries	UNE	Δ Poverty	Δ Poverty / Δ UNE	
1961-69	-3.2	-8.4	2.63	
1971-73	-1.0	-1.2	1.20	
1975-79	-2.3	-0.5	.22	
1982-89	-4.4	-1.9	.43	
1992-99	-3.3	-2.6	.79	

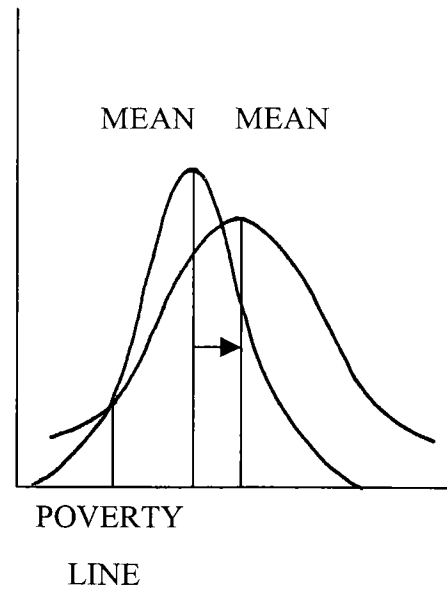
SOURCE: Poverty, US Census Bureau, 2000, Table B-3; GDP per capita, US Council of Economic Advisors, Table B-29; Unemployment, US Council of Economic Advisors, Table B-33

EXHIBIT 2: The Effect of Growth on Poverty

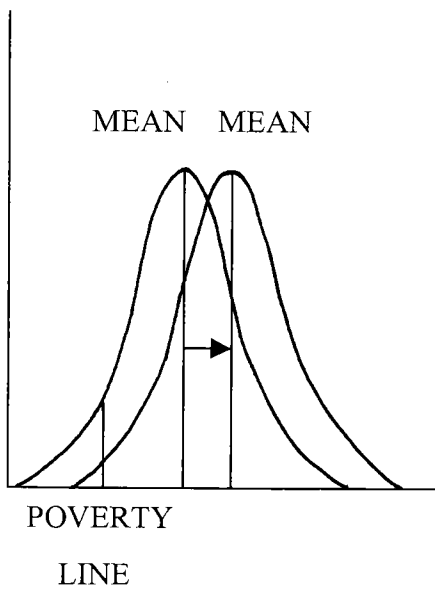
Growth Lowers Poverty with Stable Distribution



Growth Effects May Be Offset by Rising Inequality



Growth Affects Few Persons in Tail of Distribution



Growth Affects Many Persons Near Mean of Distribution

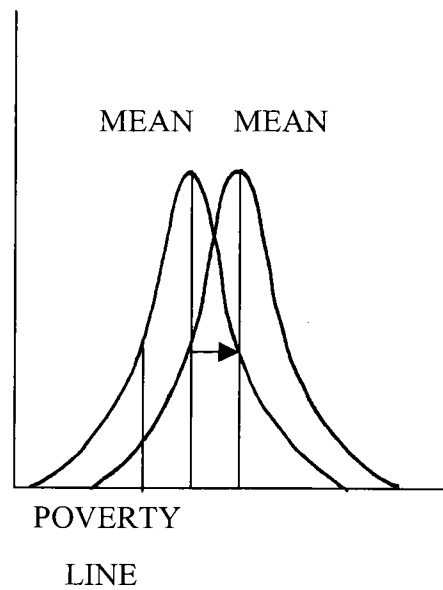


EXHIBIT 3:
Rates of Growth, in GDP, Real Wages and Poverty

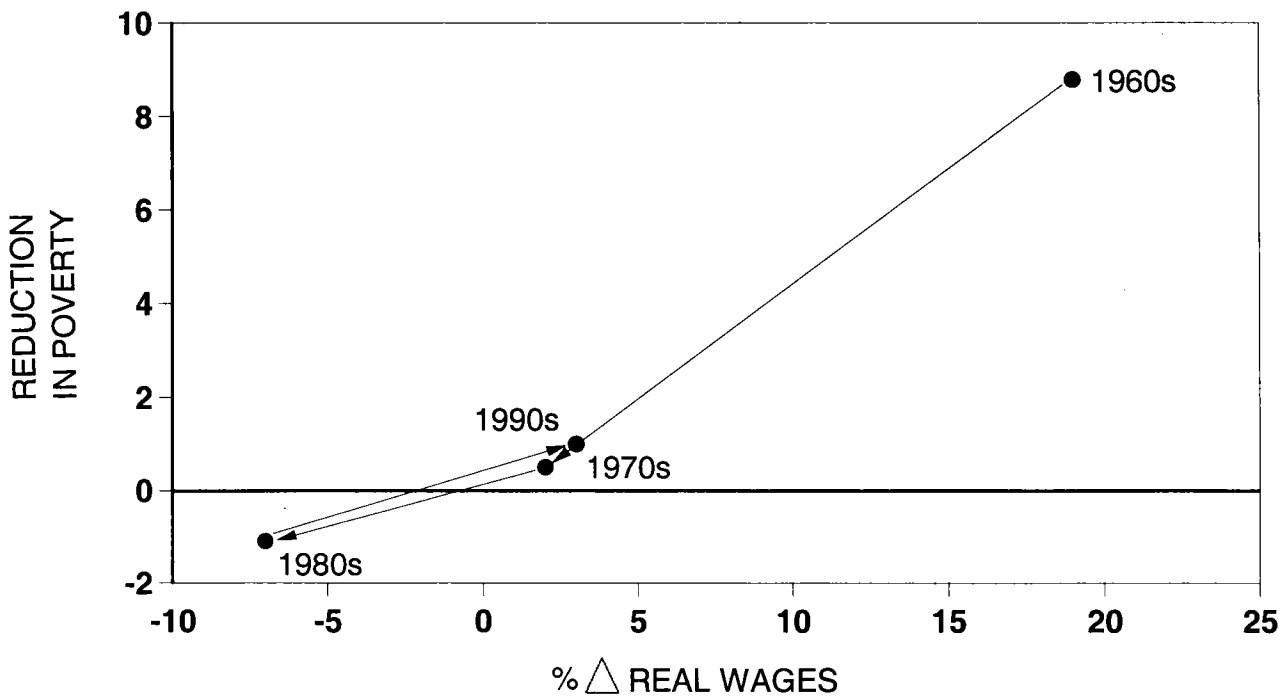
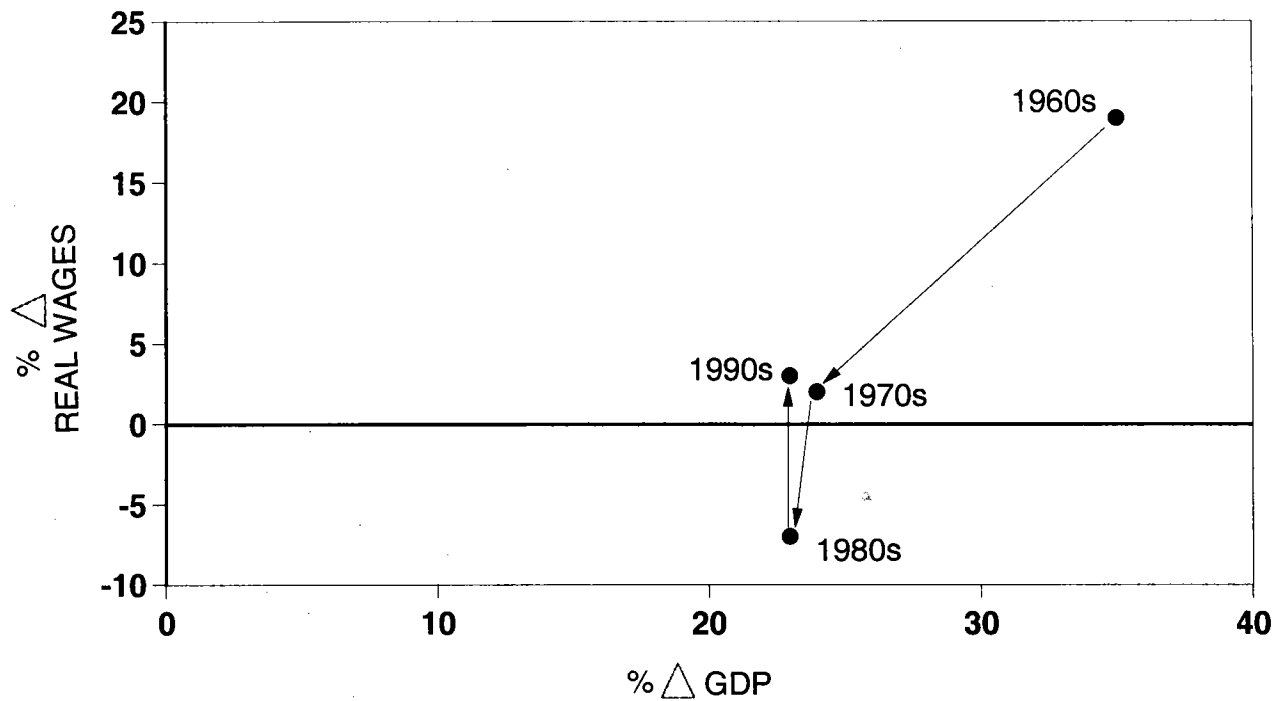


EXHIBIT 4: Time Series Regressions Relating Poverty to Growth, Inequality and the Labor Market

YEARS	Constant	Ln Average Real Hourly Earnings	Gini	Ln Median Family Income / Lowest Quintile	UNE	Time	R²
1. 1959-99	2.07	-.32 (.02)	.65 (.11)		.44 (.06)	-.0025 (.0003)	.97
2. 1959-99	2.46	-.37 (.02)		.22 (.04)	.28 (.06)	-.0019 (.0001)	.97
3. 1969-99	1.67	-.25 (.03)	.36 (.12)		.42 (.06)	-.0013 (.0004)	.89
4. 1969-99	1.86	-.27 (.03)		.09 (.05)	.34 (.06)	-.0007 (.0003)	.87
	Family Poverty						
5. 1959-99	1.74	-.27 (.02)	.56 (.09)		.41 (.05)	-.0022 (.0002)	.97
6 1959-99	2.05	-.31 (.02)		.19 (.03)	.27 (.05)	-.0016 (.0001)	.97
7. 1969-99	1.44	-.22 (.03)	.33 (.11)		.38 (.05)	-.0013 (.0004)	.88
8. 1969-99	1.63	-.24 (.03)		.09 (.04)	.30 (.05)	-.0008 (.0003)	.86

SOURCE: Tabulated from the series data in Appendix A.

**EXHIBIT 5: Estimates of the Impact of Labor Market Factors on Poverty of Persons,
Cross-Section Time Series, State Data, 1989-98**

	Constant	Un-employment	Ln Median Real Hourly Earnings	Ln "Inequality" (median/20th decile)	Ln Earnings, 20 th Percentile	Year Dummies	State Dummies	R ²
1	.46	1.01 (.10)	-.21 (.01)	.26 (.03)		T		.51
2	.43	.37 (.07)	-.16 (.02)	.10 (.02)		T	T	.92
3	.48	1.08 (.08)			-.21 (.01)	T		.52
4	.36	.37 (.07)			-.13 (.01)	T	T	.92

number of observations, 510 with 51 state observations, including D.C., and 10 years

SOURCE:

Poverty rates, from www.census.gov/hhes/poverty/povanim/pvmaptxt.html

Hourly wage rates from: epinet.org/datazone/medhrlywages.html

Wages for 20th percentile workers from epinet.org/datazone/wrates_lowwagewrkr.html

Unemployment rates, from US Bureau of Labor Statistics, Employment and Earnings, May editions

Inequality is defined as ratio of median hourly earnings to earnings of workers at 20th decile

EXHIBIT 6: Poverty Rates by Age and Work Experience, 1999

	No Work Exp in Yr	Worked But Not Full time Year Round	Worked Full-Time Year Round
All	19.9	13.1	2.6
Men	19.2	12.4	2.4
Women	20.4	13.6	2.7
White	16.9	11.2	2.3
Black	36.9	26.0	11.6
Hispanic	33.5	12.4	7.0
16-17	20.4	8.8	4.0
18-24	27.8	17.1	5.5
25-34	34.6	17.0	3.2
35-54	27.2	12.4	2.0
55-64	20.5	7.4	1.8
65+	11.1	3.5	1.9

Source: US Bureau of the Census, September 2000

EXHIBIT 7: Percentage Change in Real Wages for Selected Groups, 1996-99

Median Hourly Earnings of Workers at 10 th Decile	10.2 %
Hourly Earnings of Workers in Low Pay Industries, 1996-1999	
Retail Trade	7.0 %
Services	6.8 %
Median Weekly Earnings of Full-Time Workers in Low Pay Occupations, 1996-1999	
Information Clerks	7.2 %
Food Preparation and Service	5.2 %
Handlers, cleaners, laborers	3.3 %
Median Hourly Earnings of Full-Time Workers by Ethnicity and Gender	
White	6.8 %
Black	8.1 %
Hispanic	6.9 %
Male	6.0 %
16-24	9.2 %
Female	6.8 %
16-24	7.1 %

Source:

Wages by decile, Bernstein and Mishel, "Wages Gain Ground" tables 1 and 3, updated.

Wages in Low Pay Industries and Occupations, US Department of Labor

Employment and Earnings, Jan 2000 and Jan 1997

Median Hourly Earnings of Full-time workers, 1996 from US Statistical Abstract, 1997;

1999, from US Department of Labor Employment and Earnings, Jan 2000

Consumer Price Deflator, <ftp.bls.gov/pub/special.requests/cpi/cpiiai.txt>

EXHIBIT 8: Poverty Reduction in the 1990s Boom

	1992	1999	Change
Poverty of Persons	14.8	11.8	-3.0
All			
White	11.9	9.8	-2.1
Black	33.4	23.6	-9.8
Hispanic	29.6	22.8	-8.6
Age			
<18	22.3	16.9	-5.4
18-64	11.9	10.0	-1.9
65+	12.9	9.7	-3.2
Poverty of Families			
All	11.9	9.3	-2.6
With Children <18	18.0	13.8	-4.2
Married	8.3	6.3	-2.0
Single Female Parent	47.1	35.7	-11.4
Black	31.1	21.9	-9.2
With Children <18	39.1	28.9	-10.2
Married	15.4	8.6	-6.4
Single Female Parent	57.4	46.1	-11.3
Hispanic	26.7	20.2	-6.5
With Children <18	32.9	25.0	-7.9
Married	22.9	16.8	-6.1
Single Female Parent	57.7	46.6	-11.1

Source: US Bureau of the Census, Historical Poverty Tables, Table 4

EXHIBIT 9: Characteristics of Persons 16 and Over in Poverty, in 1999

	Percent of All Poor Aged 16 and Over
Worked in 1999	42.1 %
Did Not Work in 1999	57.9 %
Did not work because disabled	23.9 %
Did not work because retired	26.9 %
Did not work because family	23.4 %
Disabled	21.0 %
Over age 64	15.0 %
Little Education	
#8 years schooling	17.5 %
9-11 years of schooling	26.7 %
Immigrant	24.9 %
Has at least one "risk factor" (Disabled, over 65, #8 years schooling or immigrant)	53.2 %
	Percent of Poor Non-Students, Aged 16-64
Worked during survey week	44.5 %
Unemployed during survey week	8.1 %
Out of Labor Force	47.4 %
Disabled	14.8 %
Retired	6.1 %
Worked during 1999	42.9 %
Weeks worked over year	35.9 %
Hours worked per week	36.0
Average Hourly Earnings	\$ 8.31

Source: Tabulated from US Census, Current Population Reports March 2000, person files.

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Appendix A: Data for Time Series Analysis

Year	Poverty rate for persons	Poverty rate for families	Gini for family income	Real average hourly earnings, private	Unemp rate	Income of low quintile family (current dollars)	Median Family Income (current dollars)
1959	22.4	18.5	.361	669	55	2677	5417
1960	22.2	18.1	.364	679	55	2784	5620
1961	21.9	18.1	.374	688	67	2800	5735
1962	21.0	17.2	.362	707	55	3000	5956
1963	19.5	15.9	.362	717	57	3096	6249
1964	19.0	15.0	.361	733	52	3250	6569
1965	17.3	13.9	.356	752	45	3500	6957
1966	14.7	11.8	.349	762	38	3935	7532
1967	14.2	11.4	.358	772	38	4109	7933
1968	12.8	10.0	.348	789	36	4544	8632
1969	12.1	9.7	.349	798	35	5000	9433
1970	12.6	10.1	.353	803	49	5100	9867
1971	12.5	10.0	.355	821	59	5211	10285
1972	11.9	9.3	.359	853	56	5612	11116
1973	11.1	8.8	.356	855	49	6081	12051
1974	11.2	8.8	.355	828	56	6707	12902
1975	12.3	9.7	.357	812	85	6987	13719
1976	11.8	9.4	.358	824	77	7505	14958
1977	11.6	9.3	.363	836	71	8000	16009
1978	11.4	9.1	.363	840	61	8808	17640
1979	11.7	9.2	.365	817	58	9861	19587
1980	13.0	10.3	.365	778	71	10400	21023
1981	14.0	11.2	.369	769	76	11015	22388
1982	15.0	12.2	.380	768	97	11399	23433
1983	15.2	12.3	.382	779	96	11835	24580
1984	14.4	11.6	.383	780	75	12575	26433
1985	14.0	11.4	.389	777	72	13285	27735
1986	13.6	10.9	.392	781	70	14000	29458
1987	13.4	10.7	.393	773	62	14598	30970
1988	13.0	10.4	.395	769	55	15102	32191
1989	12.8	10.3	.401	764	53	16003	34213
1990	13.5	10.7	.396	752	56	16846	35353
1991	14.2	11.5	.397	745	68	17000	35939
1992	14.8	11.9	.404	741	75	16713	36573
1993	15.1	12.3	.429	739	69	16970	36959
1994	14.5	11.6	.426	740	61	17940	38782
1995	13.8	10.8	.421	739	56	19070	40611
1996	13.7	11.0	.425	743	54	19680	42300
1997	13.3	10.3	.429	755	49	20586	45262
1998	12.7	10.0	.430	775	45	21600	46737
1999	11.8	9.3	.445	786	42	20599	48950

Source: Rate of Poverty for persons, US Bureau of the Census, Poverty in the US, Sept 2000, table B-1. Rate of poverty for families, US Bureau of the Census, Poverty in the US, Sept 2000, table B-3. Gini Coefficient, - US Bureau of the Census, Historical Income Tables - Families, Table F-4. Income of lowest quintile, US Bureau of the Census, Historical Income Tables - Families, Table F-1, where the figure refers to the upper limit of the lowest fifth. 1999 estimated by multiplying median family income by ratio of 20th percentile upper limit of household income to median household income. Median family income, US Bureau of the Census, Historical Income Tables - Families, Table F-7. Real hourly earnings, private -- Economic Report of the President, 1999, table B-47. Unemployment -- Economic Report of the President, 1999, table B-42.