CHAPTER I

Early Views of Poverty in America

What is poverty? When I ask this question of my students, a common response is something like, “Being poor means not having a lot of money.” This makes sense, but it is still rather vague. Although we commonly fumble about for a more precise answer, many of us nevertheless feel we can certainly recognize poverty when we see it. The historian James T. Patterson, for example, relates the following report from a social worker during the Great Depression: “Chicago, 1936: One woman wrote to a relief station as follows: ‘I am without food for myself and child. I only got $6.26 to last me from the tenth to the twenty-fifth. That order is out and I haven’t anything to eat. We go to bed hungry. Please give us something to eat. I cannot stand to see my child hungry.’” I venture that even the hardest-hearted would grudgingly agree that this is poverty. As one moves away from this kind of obvious example, however, it becomes more difficult to distinguish just what people mean when they refer to “the poor,” as opposed to lower-income people more generally.

In 1993 the General Social Survey fielded the following question about poverty (they haven’t asked it since): “People who have income below a certain level can be considered poor. That level is called the ‘poverty line.’ What amount of weekly income would you use as a poverty line for a family of four (husband, wife, and two children) in this community?” Answers ranged from as low as $38 to as high as $2,305 per week (all of these figures are in 2011 inflation-adjusted dollars). The average response
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was $524. Most families would find it difficult to live on $38 a week. At the other extreme, $2,305 per week seems excessive as a minimum standard. At what point does luxury become a necessity? More to the point, why did this question elicit such a wide variety of responses?

Although poverty is a concrete phenomenon for those who live it, what people judge to constitute poverty varies across both time and place. A working-class laborer in a developing country would likely be considered poor in Western Europe. In fact, the World Bank uses a poverty standard of $1.25 or $2 per person per day, or $1,369 to $2,190 per year, for a family of three in developing countries. In contrast, the average official poverty threshold for a family of three in the United States was $17,916 in 2011. It should be noted that this comparison is not altogether easy to make, as there are some poor regions around the world where people get by on subsistence farming and where relatively little money is exchanged.

As far back as 1776, Adam Smith noted the importance of social perceptions in determining what constitutes economic hardship. In the Wealth of Nations he defined the lack of "necessaries" as the experience of being unable to consume "not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without." More recently, Peter Townsend observed that people are social beings who assume many roles in a community—worker, citizen, parent, friend, and so on. He maintained that poverty should be defined as the lack of sufficient income for people to "play the roles, participate in the relationships, and follow the customary behavior which is expected of them by virtue of their membership of society."

In order to understand who we, as a society, consider poor, therefore, we must begin by examining how our own views have evolved. This chapter begins by tracing views of poverty in America before 1900. I place these views in their economic, social, and political context, noting how these forces subsequently affected twentieth-century efforts to measure and understand poverty. I end by describing the emergence of the current official poverty measure in the 1960s.

VIEWS OF POVERTY BEFORE 1900

Views of poverty reflect social conditions. A common assumption during the U.S. colonial period was that the roots of poverty lay primarily not in structural economic causes but in individual misbehavior.
poor were often categorized as either “deserving” or “undeserving” of public support. Voluntary idleness was regarded as a vice, and in early colonial times unemployed men were often either bound out as indentured servants, whipped and forced out of town, or put in jail. In 1619, the Virginia assembly ordered that idle able-bodied persons should be bound over to compulsory labor. Likewise, in 1633 the General Court of Massachusetts decreed harsh punishment for those who spent their time “idly or unprofitably.” Yet hardship among the elderly and children was usually viewed more sympathetically, as many colonists recognized that poverty was widespread and sometimes unavoidable. Communities therefore often accepted responsibility for the well-being of the elderly in need. By the early nineteenth century, many craftsmen and farmers displaced by the mechanization of agriculture and the mass production of goods struggled to earn a living, as did unskilled laborers. These groups constituted an economically insecure “floating proletariat,” some of whom traveled extensively to find jobs. Some became “tramps,” jobless men and, to a lesser extent, women who moved continuously from place to place in search of employment.

The distinction between the deserving and undeserving poor persisted through the nineteenth century. In 1834, for example, the Reverend Charles Burroughs spoke about the differences between poverty and pauperism: “The former is an unavoidable evil, to which men are brought from necessity, and in the wise and gracious Providence of God. It is the result, not of our faults, but of our misfortunes. . . . Pauperism is the consequence of willful error, of shameful indolence, of vicious habit.”

The word pauper generally refers to someone receiving relief or assistance, usually from local or county governments. As illustrated in the quote above, the public has tended to have a dim view of people who seek assistance, and paupers have generally been considered as members of the “undeserving” poor. The poor were also sometimes stigmatized with other labels such as “dependent, defective, and delinquent.”

The nineteenth century saw the growth of poorhouses, also known as “indoor relief,” as a method for dealing with the poor. Starting in the 1830s, state governments began to write laws mandating that counties have a poor farm or poorhouse. Many of those who needed short-term aid nevertheless still received from local agencies or private charities “outdoor relief,” which did not require those seeking help to enter institutions. The poorhouses were harsh; their purpose was to deter all but
the most desperate from applying for help. Poorhouse inmates were expected to work as a form of punishment, moral training, education, and reform.\textsuperscript{14} It was not until the beginning of the twentieth century that poorhouses fell out of favor, as public officials and social professionals realized that such institutions did little to reduce poverty and sometimes even exacerbated family instability when family members were interned in these institutions.\textsuperscript{15}

Contemporary concerns about the geographical concentration of poverty echo fears voiced by many nineteenth- and early twentieth-century commentators. Indeed, in the middle decades of the nineteenth century, some middle-class and wealthy city residents began to build new homes in areas just outside cities such as New York and Boston in order to avoid the poor who lived in the cities themselves.\textsuperscript{16} Michael Katz recounts how, in an 1854 annual report, Charles Loring Brace, the head of New York City’s Children’s Aid Society, argued that the “greatest danger” to America’s future was the “existence of an ignorant, debased, and permanently poor class in the great cities. . . . The members of it come at length to form a separate population. They embody the lowest passions and the most thriftless habits of the community. They corrupt the lowest class of working poor who are around them. The expenses of police, prisons, of charities and means of relief, arise mainly from them.”\textsuperscript{17}

S. Humphreys Gurteen, a writer and preacher, also decried the problems of both poverty and pauperism in his 1882 description of poor city districts: “large families huddled together in tenements and shanties which barely afford protection from wind and storm; dwellings where the laws of health are defied, where the most ordinary sanitary arrangements are unknown, and where ‘boards of health’ fail to penetrate; . . . human forms, even those of children, shivering in rags; hunger written upon care-worn faces; and despair everywhere triumphant.” He blamed these problems on the abandonment of the poor by the well-to-do, on immorality, and on the ineffectiveness of charity, which he believed fostered dependence.\textsuperscript{18}

Nevertheless, apart from these small, highly visible “slum” districts, cities were not nearly as segregated by class as they have been in recent decades. Urban working-class neighborhoods were in constant flux, with steadily employed workers sharing the same buildings, streets, and residential districts with those who were less steadily employed.\textsuperscript{19} This is a natural consequence of the fact that poverty was endemic in cities and rural areas across the country.

Katz ventures that perhaps half the population of typical nineteenth-century cities was poor, though this judgment is based more on contem-
porary notions of poverty than on the standards of the time.\textsuperscript{20} He does note, however, that the “working-class experience was a continuum; no clear line separated the respectable poor from paupers.”\textsuperscript{21} According to another estimate, roughly 10 to 20 percent of late nineteenth-century Americans lived in a family with a member who had “tramped” at some point, that is, moved from place to place in search of work.\textsuperscript{22} The receipt of government aid was far less common. According to an analysis of 1860 census data, 7.9 people in 1,000 received public relief.\textsuperscript{23} Robert Hunter, in his 1904 book Poverty, estimated that at least 10 million people were poor, which represented about 12 percent of the American population in that year. He noted that this was largely a guess and that the actual number was likely much higher.\textsuperscript{24} John Ryan, an advocate of a “living wage,” used a less severe poverty standard and estimated that closer to 40 percent of wage earners were living in poverty at the time.\textsuperscript{25} As bad as some of the city slums were, the incidence of poverty was actually much higher in rural areas in general and in the South in particular. Sharecroppers and tenant farmers suffered from hard times after 1860, with some leaving for mill villages where working conditions were terrible and wages low.\textsuperscript{26}

Poverty among African Americans was likewise endemic. Largely concentrated in southern and rural areas, black sharecroppers struggled to earn a living. Blacks were barred by law or custom from a large range of full-time jobs, especially outside black communities, leaving agricultural wage labor as the most common occupation.\textsuperscript{27} As the new system of Jim Crow laws, disfranchisement, and racial violence escalated during the late nineteenth century, southern blacks began to migrate to northern cities in growing numbers. This migration north would swell in the following century. Most blacks who lived in cities were employed as common laborers or as domestic and personal servants. Opportunities for promotion and advancement were very uncommon for blacks in these and other occupations.\textsuperscript{28}

Because of their precarious economic position, African Americans were more likely to receive public assistance in some cities.\textsuperscript{29} W. E. B. Du Bois, in his well-known study The Philadelphia Negro, estimated that about 9 percent of black families were very poor and another 10 percent were simply poor, earning less than $5 per week.\textsuperscript{30} As there was no official poverty measure at the time, Du Bois’s estimates of poverty are based on his own assessment, and his standard of poverty was meager compared with most other appraisals. Although African Americans made up about 4 percent of Philadelphia’s population in the 1890s, they constituted about
8 percent of those either residing in the city's almshouses or receiving assistance from the county poor board or aid for orphans. DuBois believed that high levels of poverty among African Americans had a number of causes, including the legacy of slavery, white racial beliefs and discriminatory practices, low levels of skill and education, and, in industrial cities, competition from immigrants.

The United States continued its rapid industrialization and urbanization in the early twentieth century. Between 1860 and 1920 the nation's urban population increased from about 20 percent of the total U.S. population to over 50 percent. Immigrants from Europe poured into eastern and midwestern cities in growing numbers. And beginning in about 1915 and continuing for the next thirty years or so, the migration of blacks in search of better economic opportunities in northern cities accelerated. Corporations with large factories in industries such as steel and automobiles found a large pool of cheap and willing labor in the immigrant and black communities.

Industrialization was accompanied by economic growth, as real per capita income in 1929 was one and a half times greater than it was in 1900. Standards of living rose by several other measures as well, including size and quality of housing, the number of home appliances, and health. For example, in 1930 life expectancy at birth was sixty years, up from only forty-seven years in 1900. Nevertheless, a large part of the workforce, especially those in peripheral industries, remained vulnerable to periodic and often severe downturns in the economy. Sugrue describes the plight of these workers: "Trapped in insecure jobs with small companies increasingly marginal to a market dominated by large corporations, they shared with their nineteenth-century predecessors susceptibility to bouts of poverty."

The collapse of the stock market in October 1929 and the ensuing Great Depression, which stretched throughout the 1930s, brought economic hardship to nearly all corners of the country, though rural areas were often hit the hardest. In 1933 a full quarter of the labor force was unemployed. As one report from a social worker documented, "Massachusetts, 1934: About the unemployed themselves: this picture is so grim that whatever words I use will seem hysterical and exaggerated. And I find them all in the same shape—fear, fear driving them into a state of semi-collapse; cracking nerves; and an overpowering terror of the future. . . . They can't pay rent and are evicted. They . . . are watching their children grow thinner and thinner; fearing the cold for children who have neither coats nor shoes; wondering about coal."
Much of the economic progress of the previous decades had been dashed and the natural optimism of the American people was shaken. Years passed with high unemployment and growth that was uneven at best. Just as the country seemed to be emerging from the depression, the economy again sputtered and sank in 1937. Despite Franklin D. Roosevelt’s efforts to expand the safety net—bitterly opposed by free-market conservatives at every turn—only massive expenditures on the war effort in the early 1940s and the resurrection of associated industries brought back prosperity. Meanwhile, hardship flourished, and poverty could no longer be blamed solely on individual morality and misbehavior, for the role of larger economic forces was plain to see.

It was in this social and economic context—poverty, progress, and collapse—that an interest in studying and documenting poverty and other economic indicators blossomed. There was a growing recognition that in order to address economic problems, one had to have solid information about the economy with which to make informed decisions.

THE BEGINNING OF POVERTY MEASUREMENT

It was not until the late nineteenth and early twentieth centuries that techniques to measure and study poverty began to be developed, in part because many social science disciplines and statistical methods themselves were only in youthful bloom. Sociology itself arose in the nineteenth century through the writings of such people as Auguste Comte, Herbert Spencer, and Karl Marx. Although economics has a longer history, the discipline’s sophisticated quantitative methods are more recent in origin. In short, although there has long been an interest in issues related to poverty, the “science” of examining poverty began only in the last couple of centuries.

Concerned about working-class unrest that fed the revolutions of 1848, European statisticians began to study the incomes and expenses of working-class families in about 1850. This lead to the development of “standard budgets,” which basically refer to the cost of goods and services that families need to achieve a certain standard of living. Influenced by these studies, early efforts in the United States to develop standard budgets began between 1870 and 1895. Sometimes different budgets were constructed for people of different social classes or occupational groups. Although most were constructed to represent a minimum subsistence level, others were meant to represent minimum comfort levels.
Charles Booth came up with the term *line of poverty* in his well-known multivolume study of poverty and society in London.\textsuperscript{40} He defined poverty in the following way: "The 'poor' are those whose means . . . are barely sufficient for decent independent life; the 'very poor' those whose means are insufficient for this according to the usual standard of life in this country."\textsuperscript{41}

In fact, it was around the end of the nineteenth century when the word *poverty* became associated less with receiving public relief or private charity (i.e., "pauperism") and more with having insufficient income to live appropriately. This concept of poverty became widely accepted among the social workers, social scientists, and others who studied these issues more systematically in the first two decades of the twentieth century. It was also around this time that people began to accept the view that poverty was also due to economic and other social factors rather than just individual weakness.\textsuperscript{42}

In a careful review of early poverty measurement efforts, Gordon Fisher suggests that these attempts to define poverty (or income inadequacy) inform us not only about economic deprivation but also about the social structure of the time and the social processes by which poverty lines are drawn. Illustrating the tendency of successive poverty lines to rise in real terms as the real income of the general population rises, early budgets and other measures of income inadequacy were quite low by recent standards (all comparisons below adjust for inflation). For example, Fisher notes that the 1890–91 report of the Iowa Bureau of Labor Statistics included a standard budget showing the "minimum cost" of "the necessary living expenses of laboring men with families" that was roughly equal to 52 percent of today's official poverty threshold for a family of five.\textsuperscript{43}

DuBois's 1896–97 poverty line (which was meant to be a standard budget rather than a bare-necessities demarcation line) of $5 a week, or $260 a year, represents only about 26 percent of the official poverty line for a family of five. This poverty line was markedly lower than every other contemporary American standard budget. In his classic 1904 volume *Poverty*, Robert Hunter used a poverty line of $460 a year for an averaged-size family in northern industrial areas, and $300 for such a family in the rural South. To live at the poverty line, he stated, was to use the "same standard that a man would demand for his horses or slaves."\textsuperscript{44} Other minimum subsistence budgets and poverty lines developed before World War I tended to represent from 43 to 54 percent of the current official poverty line.\textsuperscript{45}
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Some Progressive Era advocates of the poor recognized that the standard budget methodology could be misused in ways that were unfair to working-class families. In 1918 William Ogburn, a University of Washington professor who had gone to work for the National War Labor Board, noted in a discussion of standard budgets, "We can not go on the assumption that the housewife can purchase food value with the skill of a domestic-science expert, or that she has the will power of a Puritan, or that no allowance would be made to the man for drinks and tobacco." Indeed, Fisher notes:

Lower-income homemakers were consistently being expected to show a skill in food buying that would have actually been greater than that of most middle-class homemakers—and were being stigmatized as "ignorant" and having "poor buying habits" when they failed to exhibit such impossible talents. Scott Nearing's trenchant analysis was correct: any "superwoman" who could live up to the expectations of such budgets would not have to be subjected to them in the first place, as she would already be earning almost twice the poverty level in private industry.

Into the 1940s there was still no consensus in the literature regarding "poverty" or "poverty lines." Federal government employees, labor union personnel, advocates for income redistribution and greater economic growth, and a handful of academics tried to develop or revise poverty lines during the 1946–65 period, but many were unaware of the work being done by others in different organizations.

Between 1949 and 1958 a common low-income line that was often cited, originally proposed by the congressional Subcommittee on Low-Income Families (SLIF), was equal in constant dollars to 81 percent of today's official poverty threshold for a family of four. The poverty lines offered after 1958 and before the official poverty line was introduced in 1965 tended to be even higher, again reflecting growing standards of living of the time.

THE DEVELOPMENT OF THE OFFICIAL POVERTY MEASURE

The late 1950s and early 1960s saw the publication of several books and reports that drew people's attention to poverty. One was John Kenneth Galbraith's The Affluent Society. Galbraith argued that, while rising standards of living reduced hardship, the materialism of American consumer culture contributed to inequality and that poverty remained entrenched in many parts of the country. He also discussed
the relative nature of poverty: “In part [poverty] is a physical matter. . . . But . . . it is wrong to rest everything on absolutes. People are poverty-stricken when their income, even if adequate for survival, falls markedly behind that of the community. Then they cannot have what the larger community regards as the minimum necessary for decency; and they cannot wholly escape, therefore, the judgment of the larger community that they are indecent.”

In 1962 Michael Harrington’s The Other America: Poverty in the United States was published; reviews of this book and other contemporary reports caught the eye of the Kennedy administration and influenced its views and policies on poverty issues. Harrington’s basic aim in the book was to draw attention to the poverty that persisted despite the plenty that many Americans enjoyed. He argued that the poor, black and white alike, were subjected to a chronic suppression of their living standards. This led to a culture of poverty that was perpetuated by an endless cycle of neglect and injustice.

Within the Kennedy administration, the economist Walter Heller, chairman of the Council of Economic Advisors (CEA), wanted to “launch a Kennedy offensive against poverty.” The CEA favored doing so within the framework of the broader economic agenda they had been pursuing since 1961, which aimed at faster economic growth and full employment by means of tax cuts. Robert Lampman, a CEA economist at the time, also sought to devise a politically acceptable definition of poverty that would focus less on income inequality and more on the amount needed to achieve a minimum living standard. A narrower income definition would lend itself to the growth-centered economic policy (as opposed to income redistribution policies) the CEA was advocating.

After Kennedy’s assassination in 1963, President Lyndon Johnson decided to adopt Kennedy’s emerging plan as his own, and in fact to make it a centerpiece of his domestic agenda. Johnson announced his ambitious War on Poverty in his January 1964 State of the Union address. In 1965 Mollie Orshansky independently published an article in the Social Security Bulletin in which she presented two sets of poverty thresholds, “economy level” and “low-cost level.” These were a refined and extended version of thresholds that she had described in a July 1963 Social Security Bulletin article.

At that time, poverty measurement had been a major item on the research agenda of the Office of Economic Opportunity (OEO). Influenced by views on the political feasibility and desirability of defining...
poverty as a lack of income, the OEO adopted the lower of Mollie Orshansky’s two sets of poverty thresholds—the set based on the economy food plan—as a working definition of poverty for statistical, planning, and budget purposes. In 1969 the U.S. Bureau of the Budget (now the Office of Management and Budget) designated the thresholds as the federal government’s official statistical definition of poverty. The weighted-average nonfarm poverty threshold for a family of four was $3,128 for the base year, 1963. In the following chapter I discuss this measure, as well as other types of poverty measures, in more detail.