

Macro Roundup Article

Headline: [Another Wrong Way to Measure Poverty](#)

Article Link: https://www.wsj.com/articles/another-wrong-way-to-measure-poverty-welfare-biden-fd9018b1?mod=opinion_lead_pos5

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Tweet: Between 2019 and 2021 government spending on social benefits rose by 47% but the official poverty rate rose from 10.5% to 11.6%. Phil Gramm and John Early note that 88 social benefits are excluded from poverty measures.

Summary: The official poverty measure has hardly changed for more than 50 years, even as social benefit payments to the average household in the bottom 20% of income earners have risen from \$9,700 to \$45,000 in inflation-adjusted dollars, because most of these payments simply aren't counted as income to the recipients. When all benefits are counted, the percentage of Americans living in poverty falls to only 2.5%. Bruce Meyer of the University of Chicago and James Sullivan of the University of Notre Dame arrived at a similar figure by comparing the actual goods and services consumed by poor households in 1980 with the actual level of consumption of households that were being counted as poor in 2017. They found that only 2.8% of households in 2017 were consuming at or below the actual poverty consumption level.

Related Articles: Evaluating the Success of the War on Poverty since 1963 Using an Absolute Full-Income Poverty Measure and Work Requirements and the Lost Lessons of 1996 and The Economics of Inequality in High-Wage Economies

Primary Topic: Government Spending

Topics: Database, Fiscal Policy, Government Spending, Important!, Op-Ed/Blog Post, Poverty/Crime, Weekly, Workforce

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