

## DISCUSSION

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I think it would be most fruitful to bring these three interesting analyses under the common umbrella of the session title; however, I would like to amend it slightly to "More Light on the Definition of Poverty: What Policy Implications Emerge?" This will give me the opportunity to keep my remarks general and to express some of my own thoughts on this subject. In addition, although this session is sponsored by the American Statistical Association, I assume that most of us are not interested in the poverty definition merely for the sake of "counting heads," but rather because we want to know what policy implications emerge from using different definitions. Although the papers presented did include some discussion on the effect of such changes on policies for alleviating poverty, I feel that this is an area that deserves continual emphasis.

There has certainly been no lack of prior discussion concerning the HEW-OEO poverty definition and the various ways in which it might be modified or refined. Some of the most commonly heard criticisms of this present definition include the omission of any consideration of the family's assets, the use of annual money income rather than income measured over some longer period of time, and geographical differences which influence the cost of achieving some minimum subsistence level of living. Interestingly, the Lamale-Brackett paper which deals solely with the last point indicates that there is relatively little geographic variation in basic living costs. If their data had permitted intra-city analyses of maintaining a given budget level as well as the inter-city comparisons, I would not be surprised to find as much variation (or even more) within the cities they investigated as there is between the cities.

Again, in the paper by Watts, the results did indicate differences in the number of persons defined as poor depending on the definition used; but, the differences found do not seem significantly different from the number as defined under the present HEW-OEO poverty thresholds. I suspect there would be even less variation if the comparison were made with the actual poverty threshold levels rather than with the "\$1,500 plus \$500 per additional family member" approximation that was used by Watts. However, it is important to note that the composition of the poverty population varies as the number of factors in the definition changes. Such variation could support quite different programs for fighting poverty (e.g., greater emphasis on Head Start rather than on adult job training) and such ambiguity might lead to increased confusion among policymakers.

Regardless of how any definition might be refined or extended, there can be little argument concerning the fact that the poor are lacking in income -- or more generally, they lack the means to command sufficient resources to maintain a minimum subsistence level of living. And, regardless of how defined, we can't deny the fact that in our "affluent society" there are a large -- too large -- number of such persons.

For policy purposes, it is not sufficient to define a person or family as "poor" if they lack sufficient income (despite the fact that this is a definition of poverty with which it would be difficult to disagree). Rather than expending large amounts of resources in attempting to refine, extend, or further clarify the poverty definition, I think it would be more useful to accept the fact that there are some 25-30 million persons in this country who are poor -- and would still be classified as poor under any alternative definition -- and devote more time to the questions of why we have such a large poverty population and the most effective means to reduce it.

I think it is fruitful to consider various means of alleviating poverty in the context of both short-run and long-run policies. For the short run, we must develop programs which will provide the poor with sufficient income to maintain at least minimum living levels. Although we already have a large number of income maintenance programs, those specifically directed to the poor consist primarily of the various categorical public assistance programs authorized under the Social Security Act. Although their reasons differ, there is almost unanimous agreement -- both among liberals and conservatives -- that our present programs are seriously deficient and need substantial overhauling. The disagreement, of course, concerns the direction of overhaul and the specifics of what is to be done either to or for our present welfare system. Any critic of public assistance could give you a long list of present deficiencies, but somewhere near the top of the list there would undoubtedly be strong sentiment against the present categorical nature of these plans. Essentially, we now single out certain groups or categories of the poor -- the aged, the blind, the permanently and totally disabled, and families with dependent children -- as being worthy of financial aid from society. In most areas of the country there is very limited assistance available for a poor family which doesn't fit into one of these pigeonholes.

I am somewhat disturbed about adopting the kinds of refinements in the poverty definition that have been discussed because of the implication that it would be desirable to incorporate such adjustments in any new income maintenance plans which might be developed. In light of the evidence presented, the adjustments suggested would be picayune and any possible gains in

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\*The views expressed in this paper are those of the author and do not purport to represent the views of the other staff members, officers, or trustees of The Brookings Institution.

equity would be overwhelmed by increases in administrative inefficiency. Hopefully, we should learn from our past categorical assistance experience and avoid making the same kinds of mistakes in new programs. It would be easy to predict other unpleasant consequences of such action but rather than pursuing these, let us consider the other side of the coin. What would be involved if such adjustments were not made, for example by city, and there actually are substantial differences in the cost of maintaining a minimum living level? Since none of the income maintenance plans currently being discussed (for example, as in the David and Leuthold paper) is overly generous with the taxpayers' funds, the "dire consequence" of using a uniform rather than an adjusted basis for making payments might be to give a poor person living in a southern city \$1,600 or \$1,700 rather than only \$1,500 per year!

Further, it would seem difficult to justify the logic of regional or city differentials for what I will term "negative tax payments"-- which might be any of the growing number of different non-public assistance income maintenance plans being discussed -- when we do not use such adjustments in the "positive" personal income tax. I can't think of any reason to adopt a social policy that imposes stricter rules of equity to a southern sharecropper than we now apply to a wealthy oil producer!

Although money can be used to help alleviate the immediate problem -- i.e., the lack of it -- for the poor, long-run policy must be aimed at the multi-faceted basic causes of poverty. For many of the presently poor families, this means developing programs through which they will be afforded the opportunity to acquire either education or vocational training so they can earn an adequate income through their own efforts. Such policy, of course, would probably be most effective if aimed at the approximately 15 million children now classified as poor.

It would be foolish, however, to think that any policies -- either short run or long run -- can be devised which will make "taxpayers" out of all the so-called "taxeaters." For those who are aged, or unable to work because of a serious disability or chronic illness, we should expect, to support them through new and adequate income

maintenance programs for their lifetimes. For families headed by females, I think there is need for extremely careful analysis. As is the case among the non-poor, no doubt many of these mothers would prefer to be out of the house and engaged in some form of employment. But, I doubt that we would want to adopt any kind of national social policy which forces a mother to accept training or employment as a condition for receiving aid (as may be the case under the newly enacted Social Security amendments).

While I have separated the long-run and short-run policy questions for purposes of this discussion, it is obvious that if we are going to win the war on poverty we must proceed on both fronts simultaneously. Just as we would think little of a physician who treated only symptoms and whose patient died because the doctor neglected to concern himself with the underlying causes of some ailment, policymakers must also treat the "whole patient." Providing current income without the needed training programs is insufficient. But, providing only training for people who are hungry or who are ill-clothed because they can't afford such "amenities" is also insufficient.

The admittedly preliminary evidence presented at this session concerning various definitions of poverty do not seem to indicate that definitional refinements will make a very important difference in the poverty profile. While I would not want to disparage such efforts or hinder their progress, in terms of current priorities, I would be for "less light" on the definition of poverty and "more light" on the alleviation of poverty. The need for action is obvious; and the time for action is now. Unless we want to perpetuate the "long, hot summers" and other social disorders of the past few years, it's imperative that we stop talking about ways to fight poverty and inaugurate some meaningful programs. Based on our past experience, these will have to be better programs; they will have to reach more of the poor; and they will have to involve a far greater allocation of our resources than we have been willing to use in the past. There is no cheap way to alleviate poverty. But we should remember that the full social cost of doing nothing or doing too little will probably exceed the money outlays needed to wage an effective battle. From this broader perspective, it's obvious to me that whatever sums are required is money well spent!