

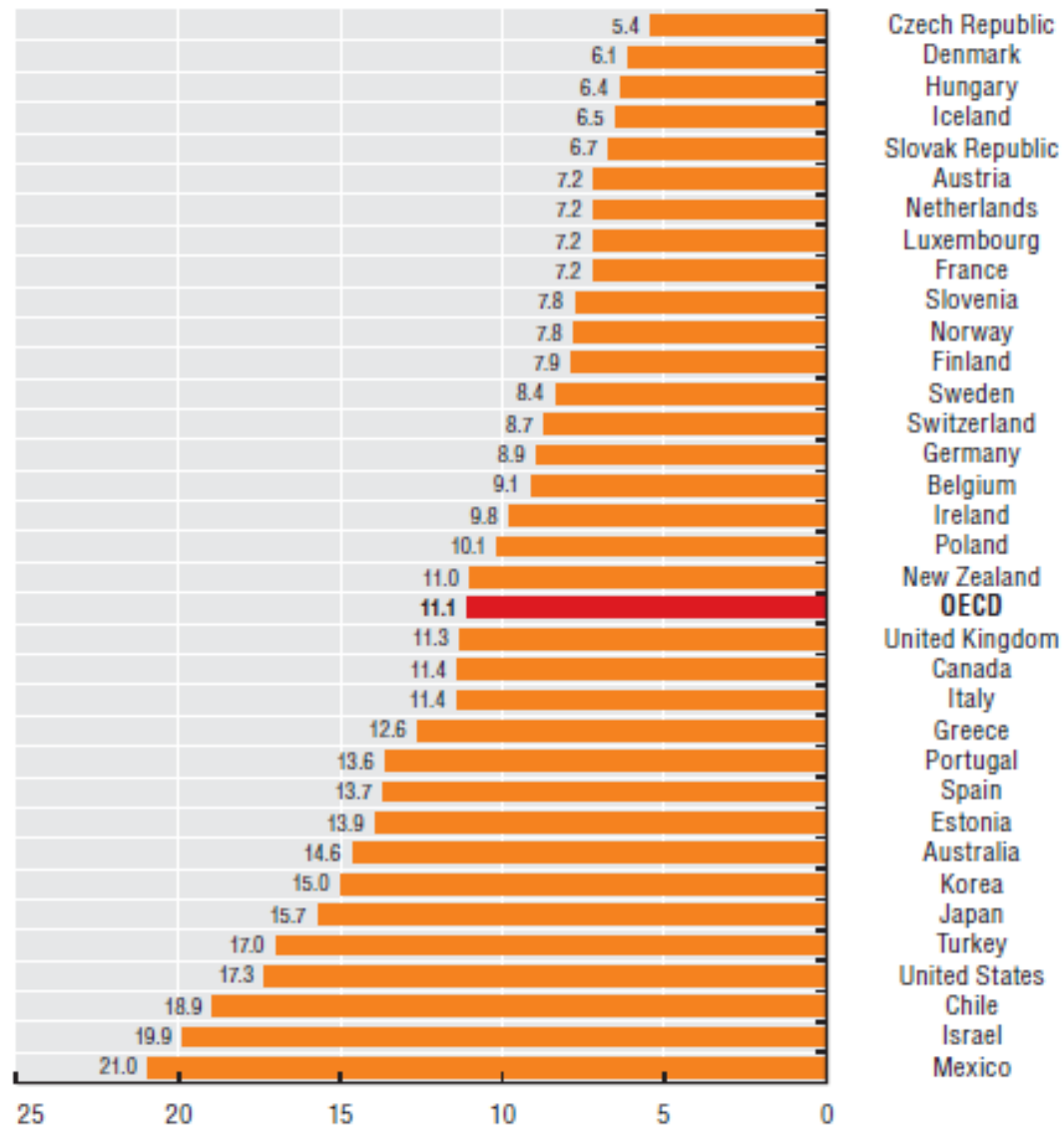
Notes for March 7

PK

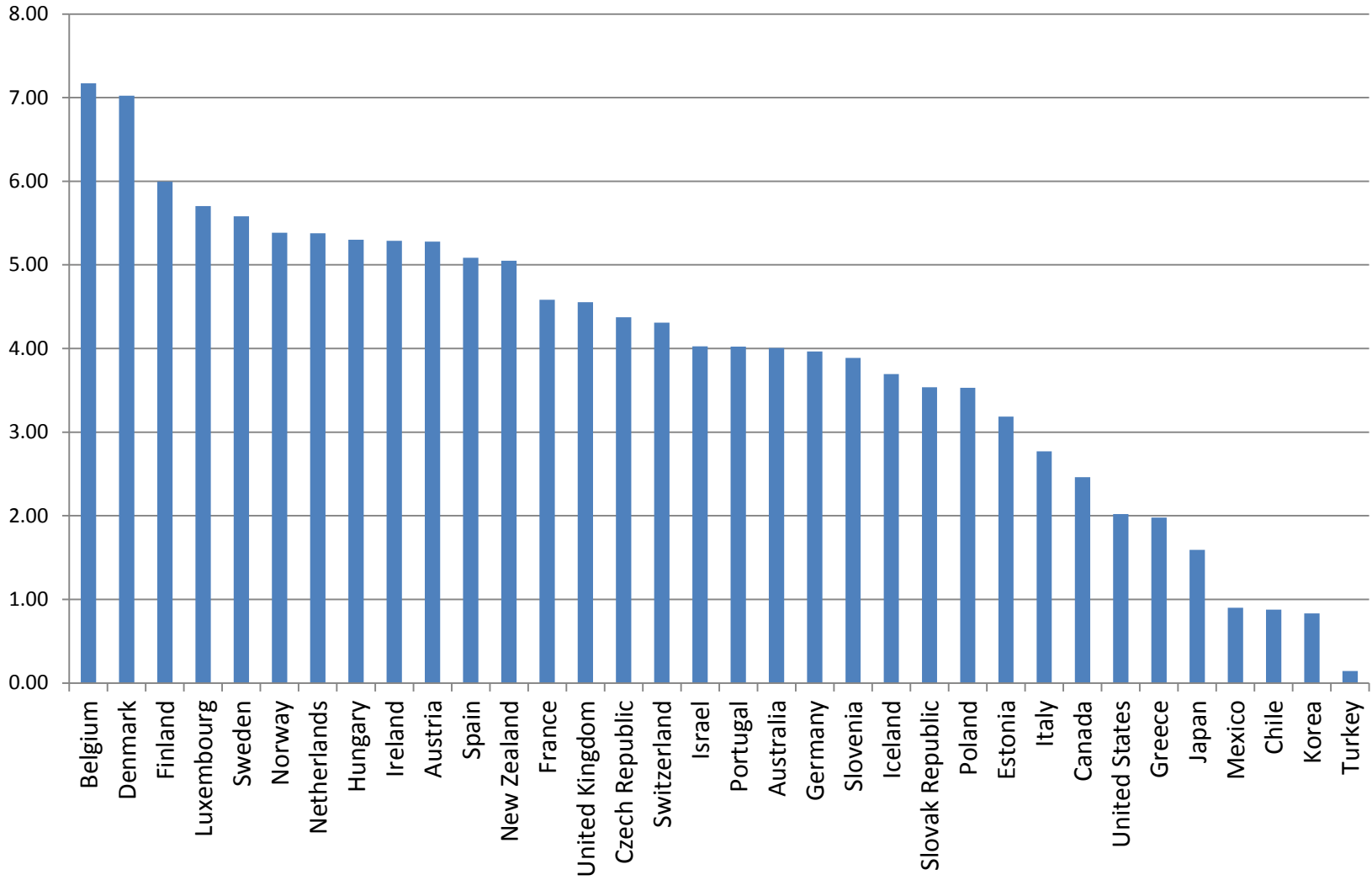
DEFINING POVERTY: ADAM SMITH

By necessaries I understand, 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. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably, though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty, which, it is presumed, nobody can well fall into without extreme bad conduct. Custom, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable person, of either sex, would be ashamed to appear in public without them. In Scotland, custom has rendered them a necessary of life to the lowest order of men; but not to the same order of women, who may, without any discredit, walk about barefooted. In France, they are necessaries neither to men nor to women; the lowest rank of both sexes appearing there publicly, without any discredit, sometimes in wooden shoes, and sometimes barefooted. Under necessaries, therefore, I comprehend, not only those things which nature, but those things which the established rules of decency have rendered necessary to the lowest rank of people.

Panel A. Percentage of persons living with less than 50% of median equivalised household income, late-2000s



Social spending on working-age population as % of GDP



Poverty Measure Concepts: Official and Supplemental

	Official Poverty Measure	Supplemental Poverty Measure
Measurement units	Families and unrelated individuals	All related individuals who live at the same address, including any coresident unrelated children who are cared for by the family (such as foster children) and any cohabitators and their children
Poverty threshold	Three times the cost of minimum food diet in 1963	The 33 rd percentile of expenditures on food, clothing, shelter, and utilities (FCSU) of consumer units with exactly two children multiplied by 1.2
Threshold adjustments	Vary by family size, composition, and age of householder	Geographic adjustments for differences in housing costs and a three parameter equivalence scale for family size and composition
Updating thresholds	Consumer Price Index: all items	Five year moving average of expenditures on FCSU
Resource measure	Gross before-tax cash income	Sum of cash income, plus in-kind benefits that families can use to meet their FCSU needs, minus taxes (or plus tax credits), minus work expenses, minus out-of-pocket medical expenses

Figure 1.
**Poverty Rates Using Two Measures for
Total Population and by Age Group: 2010**

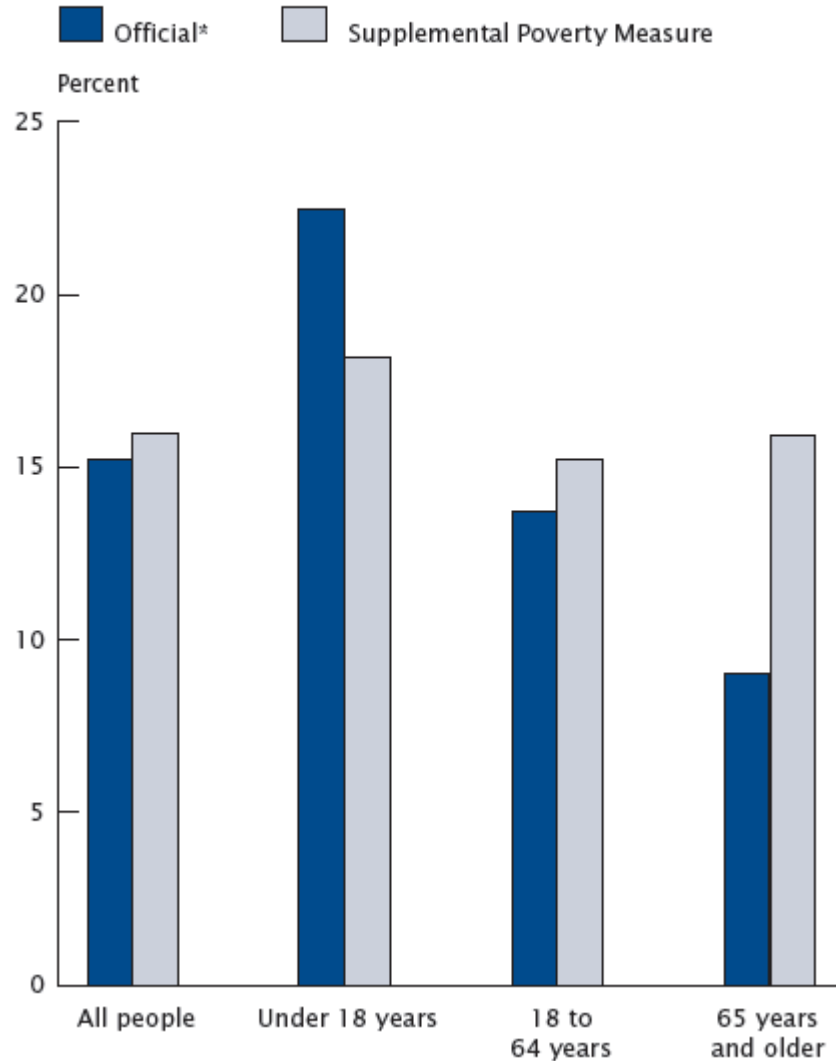
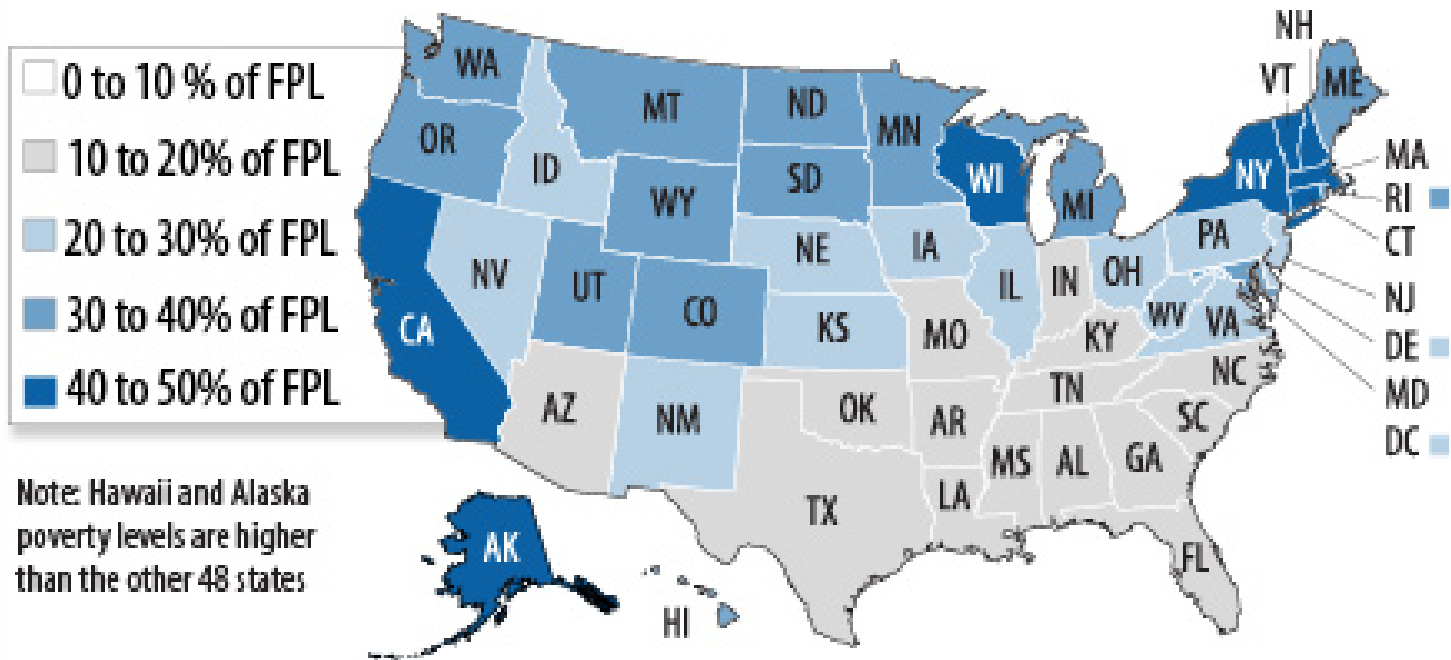


Figure 2

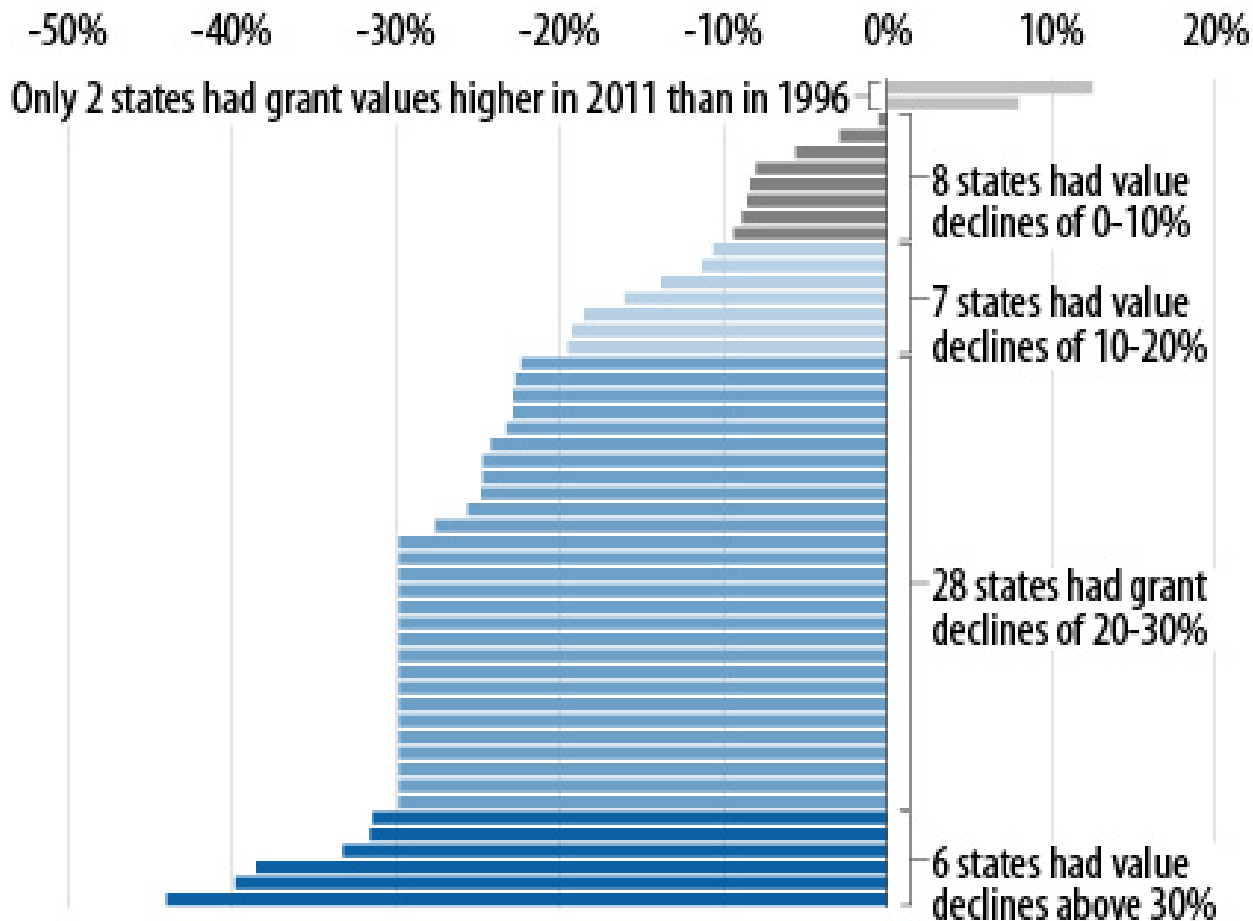
Maximum TANF Benefits Leave Families Well Below Federal Poverty Level (FPL) (For Family of Three)



Source: Calculated from 2011 HHS Poverty Guidelines and CBPP-compiled data on July 2011 benefit levels.

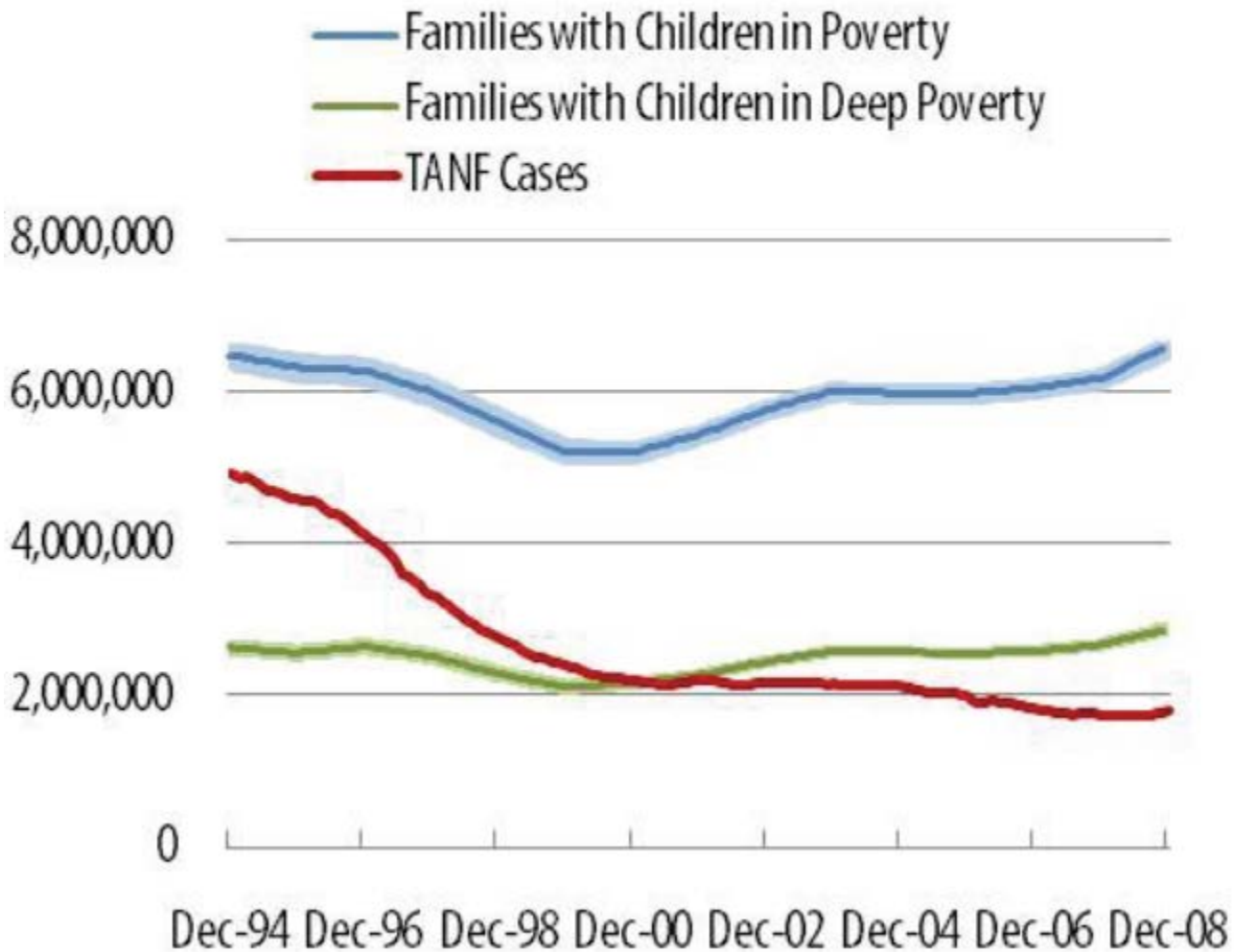
Figure 3

TANF Benefits in Most States Have Declined in Value Since 1996



Source: Calculated from Congressional Research Service (for 1996) and CBPP-compiled for 2011 benefit information adjusted for inflation using the Consumer Price Index (CPI).

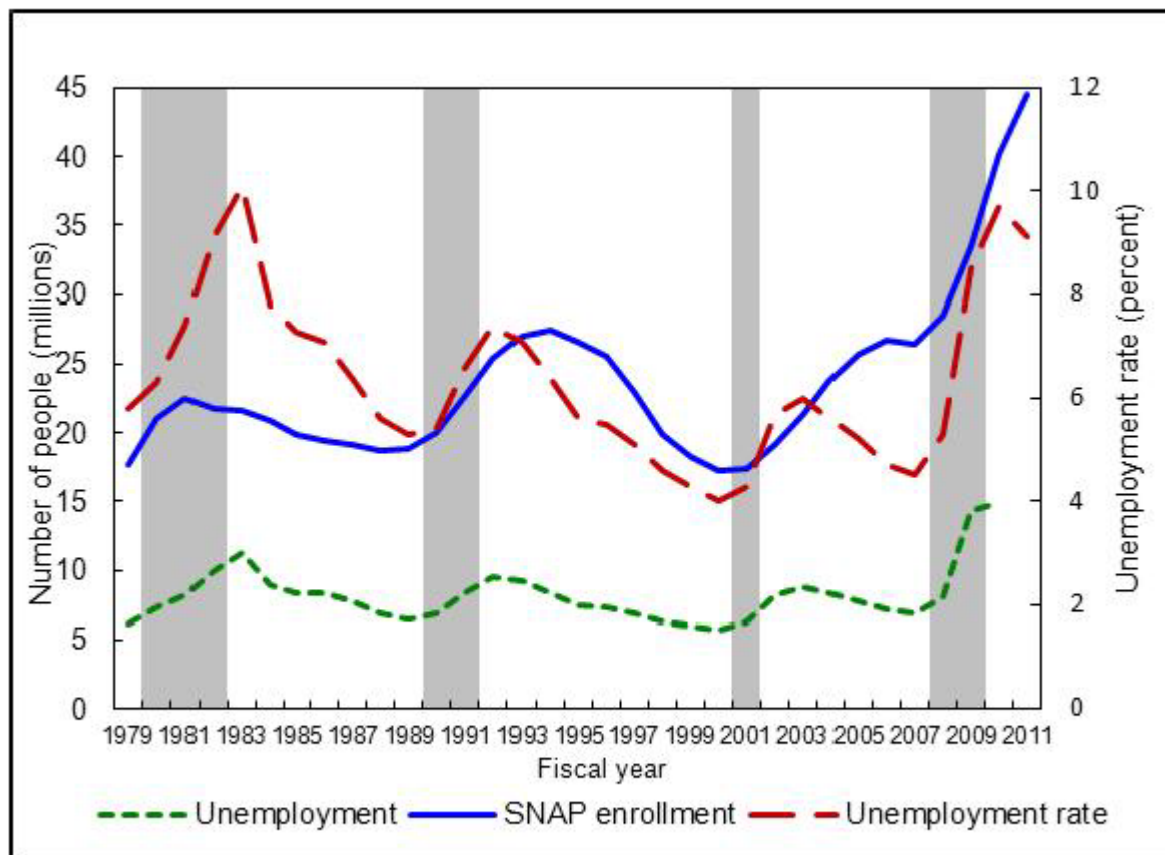
Number of Families with Children in Poverty, Deep Poverty and TANF Cases



— Number of Unemployed — SNAP Cases — TANF Cases



Figure 1. Unemployment and SNAP/FSP Enrollment, 1979–2011



Sources: Food and Nutrition Service, Bureau of Labor Statistics, and National Bureau of Economic Research.

Oh, SNAP

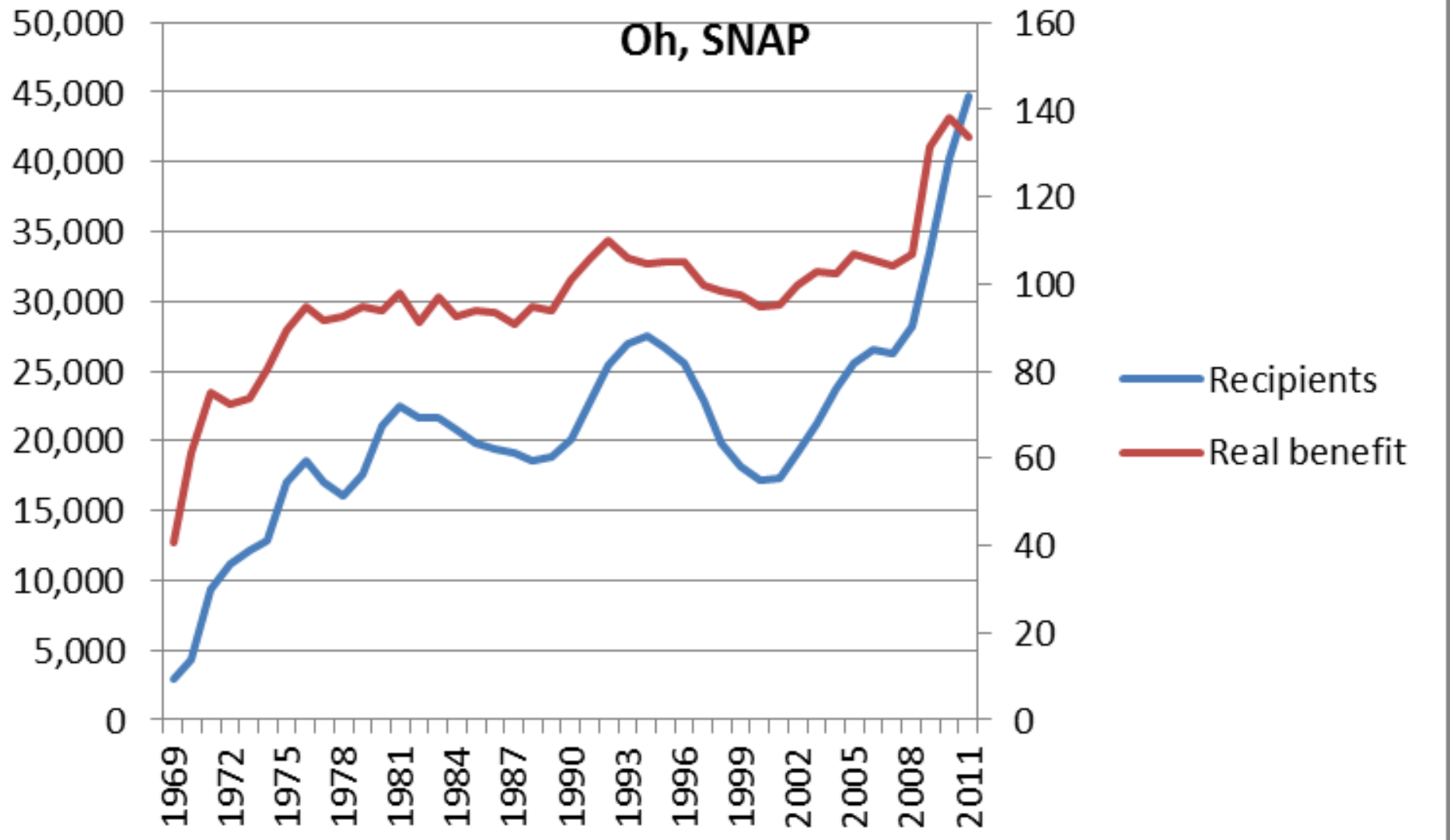
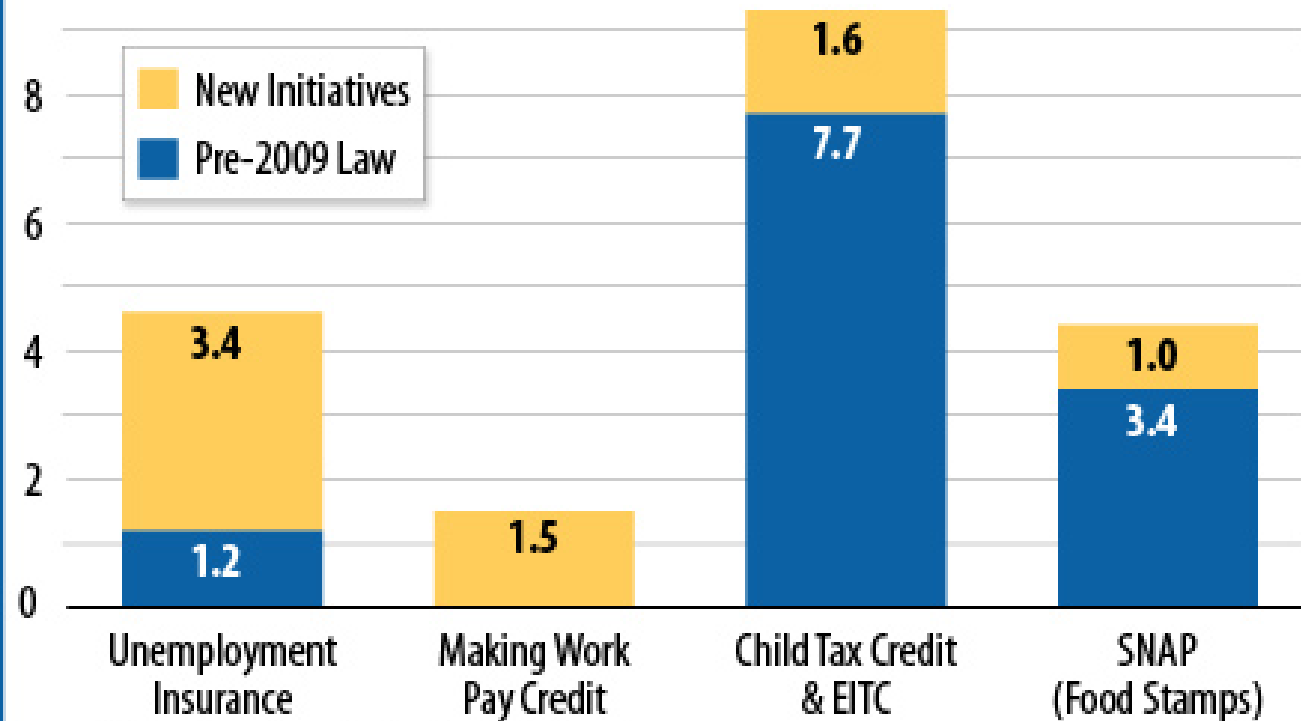


Figure 1:

People Kept Above the Poverty Line By Selected Benefits in 2010

Millions of people, National Academy of Sciences poverty definition

10 million

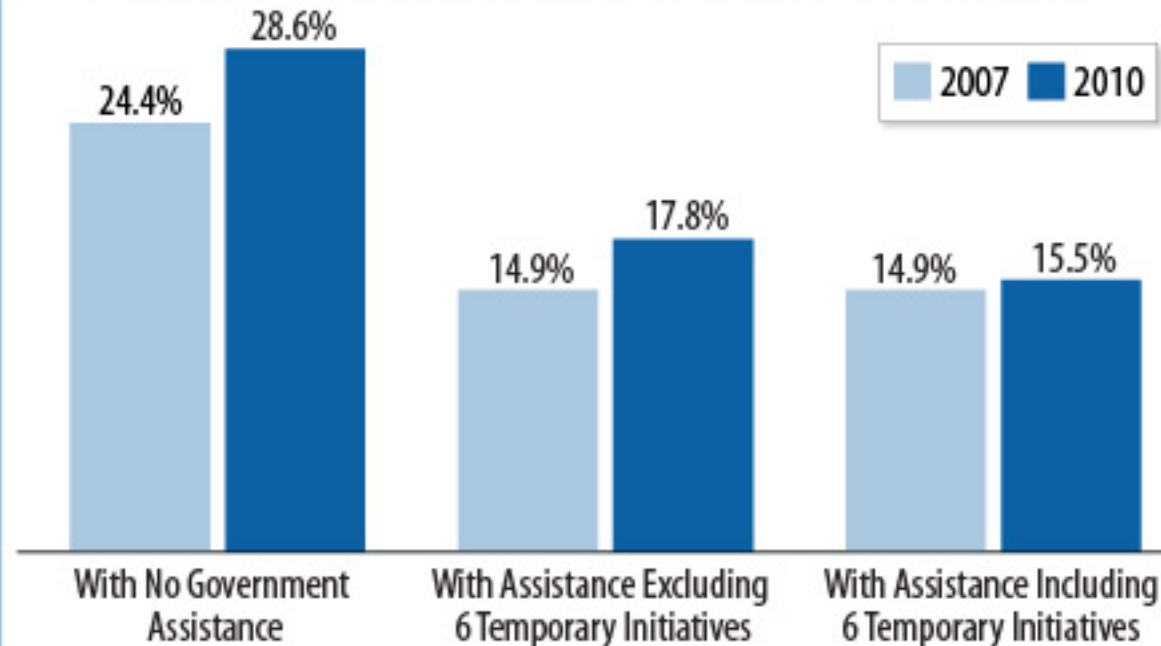


Source: CBPP estimates based on data from U.S. Census Bureau

Figure 2:

**Without Government Assistance,
Increase in Poverty Rate Would Have Been Much Greater**

Percent of population in poverty, National Academy of Sciences poverty definition



Note: The six temporary initiatives are federal measures enacted in 2009 and 2010 including expansions of the Earned Income Tax Credit and Child Tax Credit, the new Making Work Pay tax credit, expansion in the duration and level of unemployment insurance benefits, and expansion in SNAP benefits. The 2007 poverty line is the 2010 National Academy of Sciences poverty line adjusted for inflation.

Source: CBPP estimates based on data from U.S. Census Bureau

Brazil

