Fighting poverty revisited: What did researchers know 40 years ago? What do we know today?

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Introduction

In the mid-1960s, just prior to the establishment of the Institute for Research on Poverty (IRP) at the University of Wisconsin–Madison, the first generation of poverty researchers, primarily economists associated with the President's Council of Economic Advisers, articulated the elimination of income poverty as a national goal. In this paper, I review what they knew then about the economics of poverty compared to what we know today.

The income poverty goal was declared by President Johnson in 1964: "We cannot and need not wait for the gradual growth of the economy to lift this forgotten fifth of our Nation above the poverty line."[1] Robert Lampman, the founder of IRP, emphasized that "Ending income poverty does not require and will not achieve a transformation of society. It is a modest goal. Income poverty is only part of the broader problem of poverty."[2]

The 1964 Economic Report of the President discussed many strategies for reducing poverty, including maintaining high levels of employment, accelerating economic growth, fighting discrimination, improving labor markets, expanding educational opportunities, improving health, and assisting the aged and disabled. President Johnson's 1964 State of the Union speech emphasized structural factors as primary causes of poverty, including, "...our failure to give our fellow citizens a fair chance to develop their own capacities, in a lack of education and training, in a lack of medical care and housing, in a lack of decent communities in which to live...."[3] The prevailing view was that the poor did not work enough because of excessive unemployment or, if they did work, they earned too little due to insufficient skills.[4]

Johnson's economists predicted that income poverty could be eliminated by 1980 because they assumed that the benefits of economic growth would continue to be widely shared as they had in the prior two decades. If macroeconomic policies kept the economy growing, then real wages would continue to increase steadily for workers throughout the wage distribution. The additional resources being devoted to the new antipoverty initiatives would further contribute to poverty reduction, for example, by raising the skills and employment of those who had been left behind by economic growth. Employment and training programs would enhance skills and launch their graduates into an economy with low unemployment and growing wages. Human capital programs, from Head Start for preschool children through Pell Grants for college students, would prevent poor children from becoming the next generation's poor workers. Together, macroeconomic and antipoverty policies would sustain economic performance, raise the productivity of the poor, and remove discriminatory barriers to economic participation.

Income poverty was not eliminated by 1980. Even today, we are far from fulfilling the vision of the War on Poverty planners, even if one maintains the official (inflation-adjusted) poverty line and includes tax credits and noncash transfers in addition to money income.

What went wrong? Were the poverty researchers of the 1960s misinformed? Some critics have blamed the growth of antipoverty programs themselves, and by implication the proposals of the first generation of poverty researchers, for poverty's persistence.[5] President Reagan expressed such a view:

> In 1964, the famous War on Poverty was declared. And a funny thing happened. Poverty, as measured by dependency, stopped shrinking and actually began to grow worse. I guess you could say "Poverty won the War." Poverty won, in part, because instead of helping the poor, government programs ruptured the bonds holding poor families together.[6]

Other critics argued that eliminating income poverty was not as important a goal as changing the personal behaviors of the poor. An American Enterprise Institute task force concluded:

> Money alone will not cure poverty; internalized values are also needed.... (T)he most disturbing element among a fraction of the contemporary poor is an inability to seize opportunity even when it is available and while others around them are seizing it.... Their need is less for job training than for meaning and order in their lives.... An indispens-

able resource in the war against poverty is a sense of personal responsibility.[7]

I reject the views of such critics. My reading of the evidence, reviewed below, is that the income poverty goal was not achieved because the optimistic, but reasonable, economic forecasts of the early poverty researchers were invalidated by unexpected economic changes that began after the first oil price shock in 1973. The primary reason that poverty persists is not because the research of the War on Poverty planners was flawed, but because the economy failed to deliver the benefits of prosperity widely.

In fact, the dramatic decline in poverty among the elderly following the War on Poverty confirms the view of the early poverty researchers that government policies can help the poor. The incomes of the elderly rose because Congress increased Social Security benefits seven times between 1965 and 1973 and then indexed benefits for inflation starting in 1975. Congress also implemented Medicare and Medicaid, providing the elderly with universal health insurance and the Supplemental Security Income Program (SSI), providing them with a guaranteed annual income. The living standards of the elderly thus became more secure than those of the nonelderly because of public policies.

What went wrong? What we know today

The era of steady economic growth and rising real wage rates that raised living standards for most workers in the quarter century after World War II ended in the mid-1970s. Particularly hard hit were workers with no more than a high school degree, whose post-war wage gains were largely based on unionized, high-wage manufacturing jobs. Instead of the steady wage growth that the early poverty researchers expected, the real annual earnings of male high school dropouts were 23 percent lower in 2002 than in 1975 and those of male high school graduates were 13 percent lower. From the early 1970s to the early 1990s, unemployment was higher than expected. The annual unemployment rate for men over the age of 20 was below 5 percent in 23 of the 25 years between 1950 and 1974, but below 5 percent in only 4 of the 20 years between 1975 and 1994. For the past three decades, economic forces have increased financial hardships for many workers and prevented existing antipoverty policies from further reducing poverty.

The evidence on the changing relationship between economic growth and poverty, particularly the stagnation of male earnings, refutes the view that poverty remains high because the government provided too much aid for the poor, and thus encouraged dysfunctional behaviors. Poverty would be somewhat lower today if fewer low-skilled men had withdrawn from the labor market and if marriage rates had not declined so much over the past three decades. However, these effects are small compared to the poverty-increasing effects of a labor market that shifted from a quarter century of rapid economic growth in which a rising tide lifted all boats to a quarter century of slow growth and rising inequality.[8]

The relationship between economic growth and poverty

The economy has grown steadily since the mid-1960s, with only small declines during recessions, according to three measures of overall economic well-being: real per capita gross domestic product (GDP) from the National Income and Product Accounts (NIPA), real per capita personal income from NIPA, and real per capita personal income from the Current Population Survey. The NIPA series show roughly a tripling of both GDP per capita and personal income per capita over the 1959 to 2004 period; the CPS series shows roughly a doubling since 1967 (data not shown). If economic growth were the prime source for poverty reduction, this growth in mean living standards should have produced a steady decline in poverty as the early poverty researchers predicted.

However, the poverty-reducing effects of per capita growth diminished in the early 1970s. Figure 1 shows the trend in poverty among all persons based on three alternative measures of poverty. The official poverty rate, the middle series, was 12.7 percent of all persons in 2004, higher than the 1973 rate of 11.1 percent.[9] Some researchers consider the official line to be too low since it has fallen relative to median family income over the past 40 years. The official threshold for a family of four was 41 percent of median income in 1965, but only 29 percent in 2004.[10] The top line shows that the rate would have been 17.1 percent in 2004 if the official thresholds were increased by 25 percent to partially offset this drop relative to the median.

On the other hand, the poverty measure counts only money income and ignores noncash benefits that raise the living standards of the poor, such as food stamps and the Earned Income Tax Credit, which together can provide about $5,000 of additional purchasing power for workers earning around $12,000 with children. Counting these benefits as income and adjusting the lines by the latest price index of the U.S. Bureau of Labor Statistics, the Consumer Price Index Research Series, as the bottom line indicates, leads to a 2004 poverty rate 4.1 percentage points below the official rate.[11] However, the time series for the alternative measure for the years that data are available, 1979 to 2003, is quite similar to the trend in the official rate, and shows only a half-percentage point decline over the quarter century.

If a new poverty measure was implemented that adopted the newest price index, counted noncash benefits and tax credits as income, and raised the poverty line somewhat, the resulting rate would not differ much from the official rate.[12] Reasonable redefinitions of the official measure

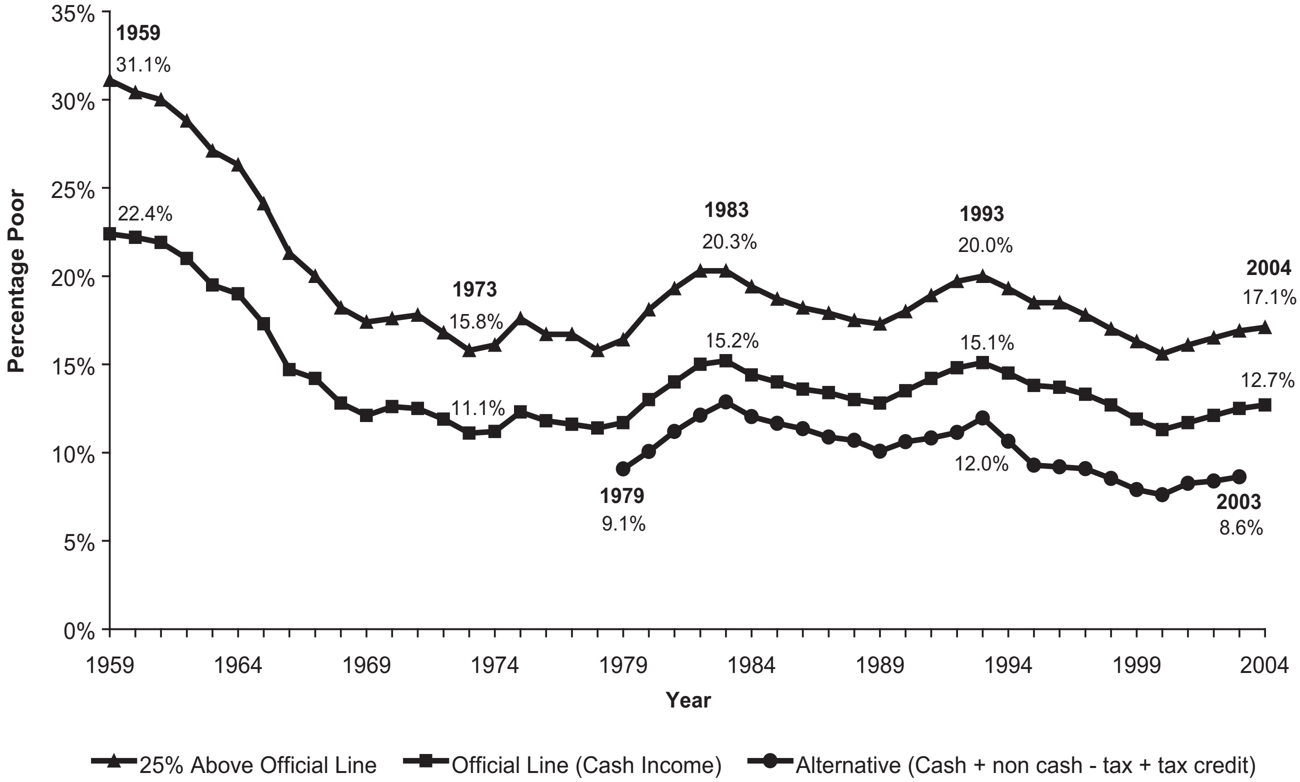

Figure 1. Alternative measures of poverty, 1959–2004.

Note: The official poverty line for a family of four was $19,307 in 2004. The alternative poverty line is adjusted for inflation using the CPI-U-RS and was $16,566 in 2004.

Source: Calculations from March CPS.

would also show that income poverty declined rapidly in the post-War on Poverty decade, but changed relatively little over the last three decades.

Given the substantial growth in per capita living standards and the poverty declines they observed from the late 1940s through the late 1960s, the early poverty researchers predicted the elimination of income poverty by 1980. In the 1970s, James Tobin or Robert Lampman might have reached this conclusion by estimating a regression with the official poverty rate as the dependent variable and the unemployment rate and per capita GDP as explanatory variables.[13] I estimated similar regressions with 30 years of additional data, allowing the antipoverty effects of unemployment and GDP to differ before and after 1973 by interacting each variable with a post-1973 dummy variable. The regression coefficients show that the antipoverty effect of GDP growth was smaller after 1973 than it had been in prior years.

Figure 2 shows the official poverty rate along with two projections based on the estimated regression coefficients. The first projection indicates that the official rate would have fallen to zero by 1984 if there had been no slowdown in the rate of GDP growth after 1973. The second projection indicates that the official rate would have reached zero by 1987 even if GDP growth after 1973 slowed as it did (from 2.9 to 1.9 percent per year), but if there had been no change in the pre-1973 relationship between GDP and poverty.

These simple projections are consistent with formal analyses of the changing effects of economic growth on poverty.[14] They document that the expectations of the War on Poverty planners were based on solid economic analysis of the data available at that time. Poverty remains high primarily because the relationship between economic growth and poverty changed unexpectedly after 1973.

Annual earnings for full-time workers

The relationship between GDP and poverty changed after 1973 because the era of steadily rising real wages for workers across the distribution had ended. Figure 3 shows how the post-1973 labor market changes affected the typical full-time, year-round worker. No researcher in 1973 would have predicted that the men's median earnings would have remained virtually constant for three decades, when their earnings had grown at an an-

Figure 2. Official poverty rate and predicted rates with pre-1973 GDP/poverty relationship.

Note: The predicted lines shows where the poverty rate would be in subsequent years if the relationship between per capita GDP and the poverty rate remained the same as it did from 1959–1973. GDP grew at an average of 2.9 percent per year from 1959–1973 and at an average of 1.9 percent from 1973–2004.

Source: Calculations from March CPS.

nual rate of 2.6 percent or about 40 percent overall during the1960–1973 period.

An early poverty researcher might have estimated a regression with the log of median earnings as the dependent variable and the unemployment rate and a time trend as independent variables. I did the same, but again included a break in the time trend after 1973. The results are striking: the full-time, year-round median male would have earned $89,916 in 2004 if the median had grown at the 1960 to 1973 rate for the entire period. The actual median for male workers in 2004 was $40,798. A parallel regression prediction for the full-time year-round female median is $46,688 in 2004, compared to the actual median of $31,223. If the earnings of full-time year-round workers had grown along these predicted paths, income poverty would likely have been eliminated in the 1980s.

The stagnation of median earnings for men since the early 1970s represents a failure of the economy, not a failure of antipoverty policies. It is well-documented that labor supply has fallen, especially for less-educated men, over the past three decades. Part of this labor supply reduction is due to the negative incentive effects of government transfer programs, but part is due to the declining real wages of less-educated workers.[15] Most economists agree that a number of factors have contributed to falling real-wages of less-educated workers and increased earnings inequality. These include labor-saving technological changes, the globalization of labor and product markets, immigration of less-educated workers, the declining real value of the minimum wage, and declining unionization.[16] This suggests that if wages had continued to grow after 1973, as they did in the prior decades, less-skilled workers would have worked somewhat more and earned much higher wages than they do today.

Declining real earnings of less-educated workers

Men with no more than a high school degree have fared worse than the median full-time worker. Figure 4 shows trends over four decades in the relationships between four income measures and a fixed benchmark for men with a high school degree or less who are between the ages of 25 and 54. The top line shows the percentage of men who did not earn enough on their own to support a family of four at the poverty line.[17] The number of less-educated men below this threshold fell from 24.2 to 16.4

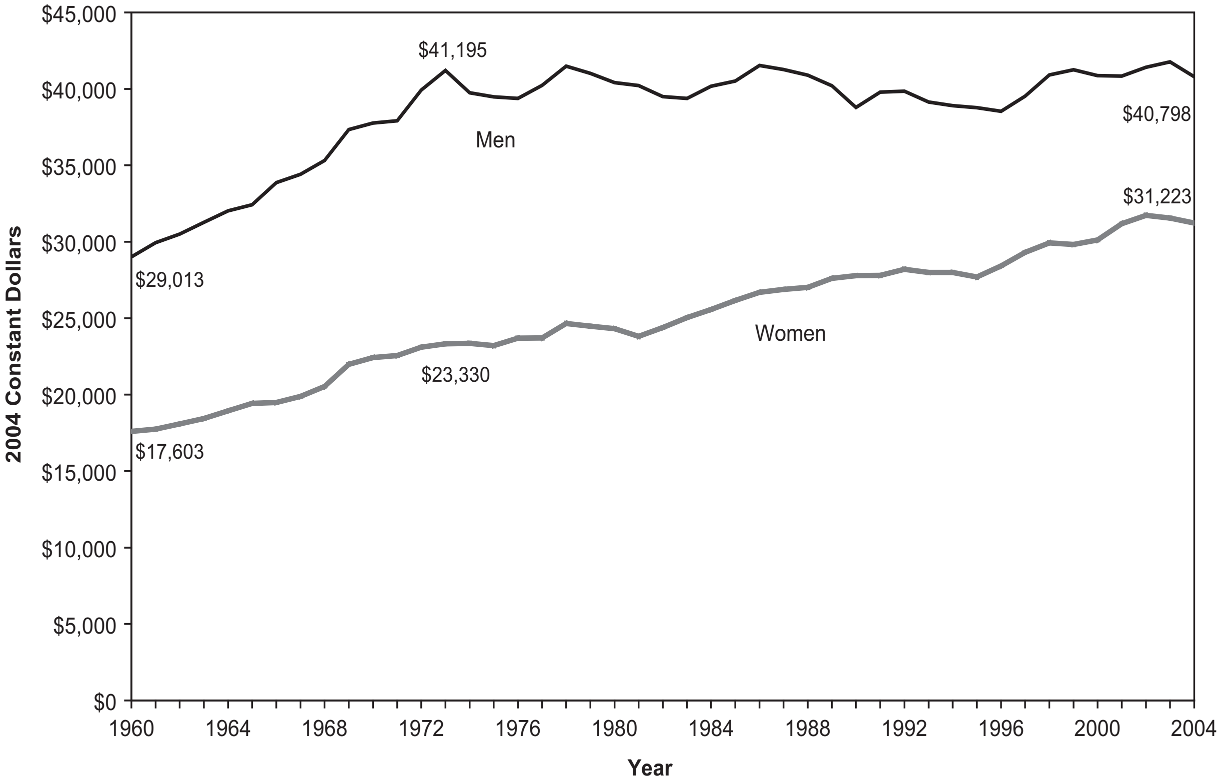

Figure 3. Median earnings, full-time, year-round workers, 1960–2004.

Note: Uses Census Bureau data from 1960 to 2004 on inflation-adjusted (CPI-U-RS) median annual earnings for full-time year-round workers.

Source: U.S. Bureau of the Census.

percent between 1963 and 1973, but increased dramatically to 33.8 percent between 1973 and 2004.

Many men were brought above the $16,566 threshold by the increased earnings of family members, primarily working wives. While the percentage below this poverty line based on individual income increased by 17.4 percentage points between 1973 and 2004, including the earnings of others kept the increase to 11.1 points. When all money-income sources are included, the percentage below the threshold increased by 9.4 points between 1973 and 2004. The lowest line shows that when noncash transfers and tax credits are added and taxes are subtracted, the rate increased 6.3 percentage points between 1979 and 2003.[18] Despite the increased work of wives and increased noncash transfers and tax credits for the working poor, many less-educated workers have not benefited from the prosperity of the last quarter century.

Income transfer policy and income poverty—then and now

President Johnson did not propose to eliminate income poverty by extending cash transfers to the nondisabled, nonelderly poor:

> We are not content to accept the endless growth of relief rolls or welfare rolls. We want to offer the forgotten fifth of our people opportunity and not doles.… Our American answer to poverty is not to make the poor more secure in their poverty but to reach down and to help them lift themselves out of the ruts of poverty and move with the large majority along the high road of hope and prosperity. The days of the dole in this country are numbered.[19]

However, the early poverty researchers did consider the negative income tax (NIT) as the most efficient antipoverty program. The 1969 Report of President Johnson's Commission on Income Maintenance Programs reflected this view:

> We have concluded that more often than not the reason for poverty is not some personal failing, but the accident of being born to the wrong parents, or the lack of opportunity to become nonpoor, or some other circumstance over which individuals have no control.… Our main recommendation is for the creation of a universal income supplement program financed and administered by the Federal Government, making cash payments to all members of the population with income needs.[20]

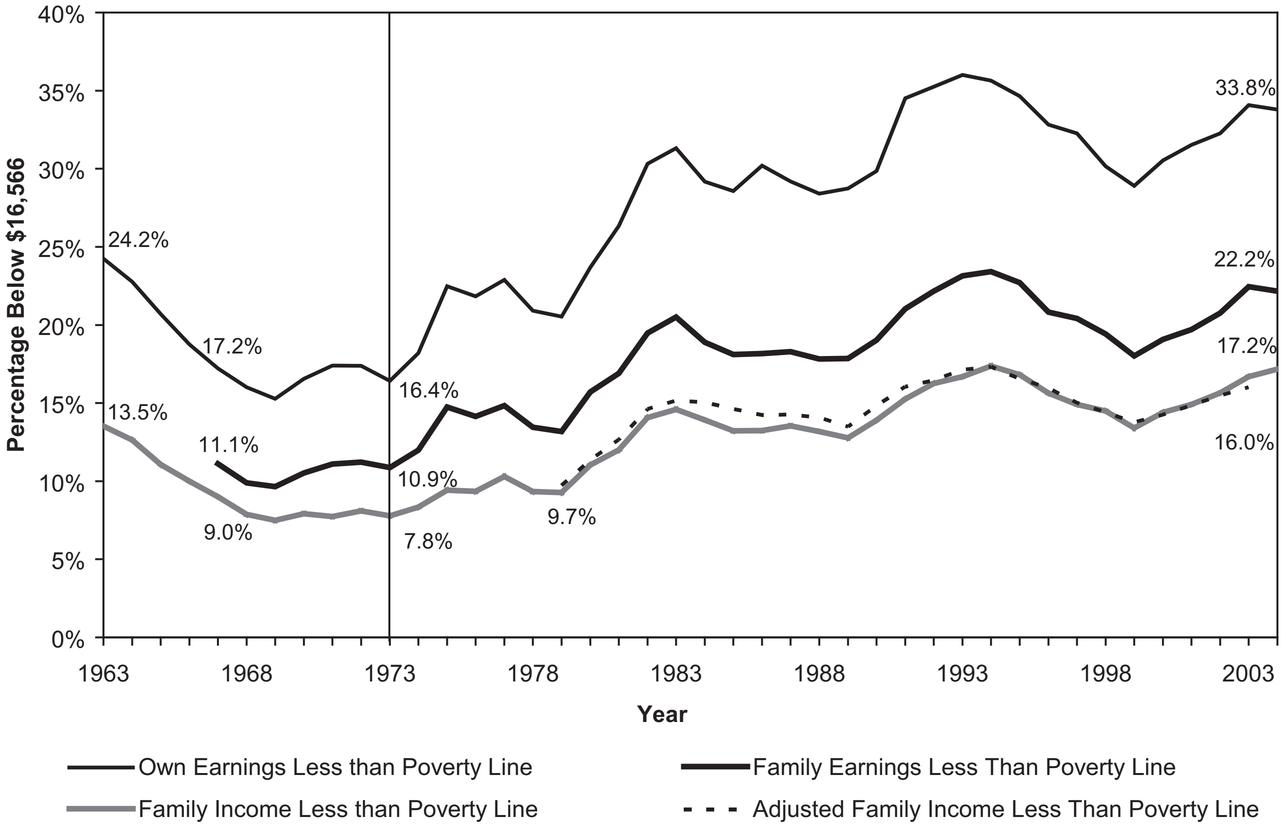

Figure 4. Men, ages 25–54, high school degree or less, with own earnings and family income below an inflation-adjusted poverty line.

Note: For each income concept, a fixed threshold of $16,566 is used. This is the poverty line for a family of four adjusted using the CPI-U-RS instead of the official poverty line.

Source: Calculations from March CPS.

At about this time, the negative income experiments were developed and implemented by poverty researchers, including many faculty and graduate students at the Institute for Research on Poverty. This was the beginning of a tradition that continues today of experimental research on a range of antipoverty, health, education, and welfare reform policies.

In 1969, President Nixon proposed the Family Assistance Plan, an NIT that would have extended cash assistance to two-parent families, established a national minimum welfare benefit, reduced the high marginal tax rate on earnings in the Aid to Families with Dependent Children program, and de-coupled cash assistance and social services. Such NITs sought to reduce poverty and provide work incentives by raising cash benefits for nonworking welfare recipients and by extending assistance to the working poor who had been ineligible for cash welfare.

The rise and fall of the NIT as the economists' preferred antipoverty strategy has a rich history that cannot be reviewed here.[21] However, the NIT movement did contribute to the adoption of the Supplemental Security Income Program (SSI) and the Earned Income Tax Credit (EITC).[22] Although Congress rejected a guaranteed annual income for able-bodied, nonelderly nonworkers in the 1970s, it approved both SSI, an NIT for the elderly blind and disabled, as well as the EITC for low earners with children.

Under an NIT, the benefit is at a maximum for nonearners and then falls as earnings rise. Instead, EITC payments are zero for nonworkers and reach a maximum at about the annual earnings of full-time minimum wage workers. EITC payments rise with earnings for low earners until the maximum benefit is reached. When earnings are about equal to the poverty line for a family of three, the EITC now resembles a low-guarantee, low-tax-rate NIT. As incomes rise to about twice this amount, the EITC is phased out.

As the early poverty researchers proposed, the EITC is available to both one- and two-parent families, provides a benefit that is constant across the nation, and is now indexed for inflation. (A number of states have implemented their own EITC's to supplement the federal one.) The maximum federal EITC for a family with two or

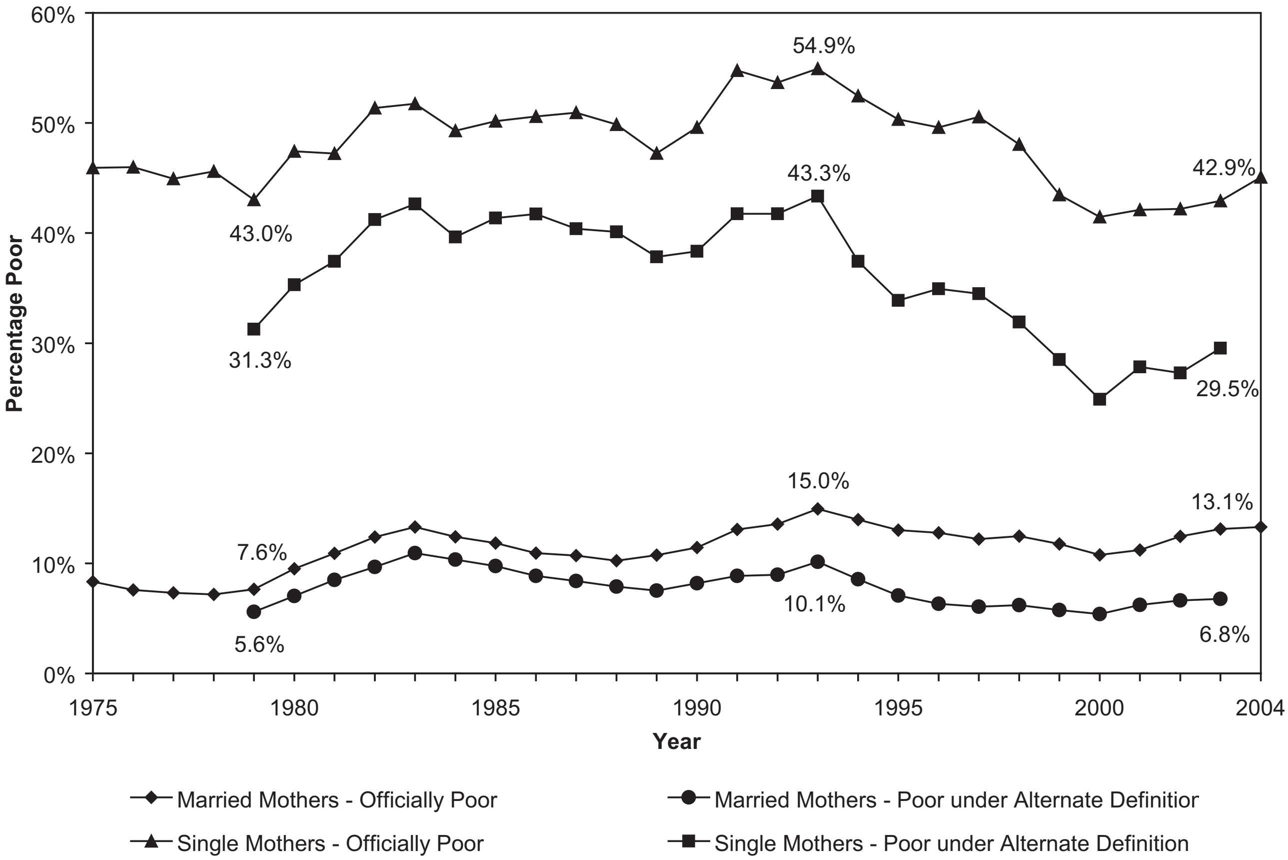

Figure 5. Trends in poverty, women with children and high school degree or less, 1975–2004, by marital status.

Source: Calculations from March CPS. Alternative definition adds the value of the EITC, food stamps, school lunch, and housing vouchers to income, subtracts income and payroll taxes, and uses poverty thresholds adjusted by the CPI-U-RS.

more children (in current dollars) was $400 in 1975, $550 in 1986, $953 in 1991, and $4,400 in 2005.[23]

The NIT experiments were followed by a long period of research and experimentation on programs to raise the work effort, instead of the cash income, of the nonworking poor. Research on state experiments with welfare-to-work programs contributed to the development of the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996. That legislation transformed the safety net for the nonworking poor.[24] Millions of single mothers left welfare to take jobs after the 1996 reform, and their poverty rate fell. However, in any given month 20 to 30 percent of these mothers are out of work. As Figure 5 shows, for single mothers with a high school degree or less, despite their increased work hours and earnings over the last decade, about 43 percent remain poor by the official definition and about 30 percent according to the alternative definition.

The PRWORA experience also revealed that a minority of welfare recipients—about 10 percent of the 1996 caseload—have multiple barriers to employment, making it very difficult for them to work steadily even when the national unemployment rate is low.[25] Until PRWORA, researchers, policy analysts, and agency staff did not realize the full extent of issues such as learning disabilities, maternal and child health problems, mental health problems, and domestic violence that make it difficult for many former welfare recipients to work steadily. This experience suggests that the evolution of welfare from a cash-based to a work-based system could be furthered by experimentation with low-wage, transitional public-service jobs of last resort for those who are willing to work but cannot find and keep regular jobs. In the absence of such a public program, many among the poor find themselves without cash welfare and without earnings. Unfortunately, the public provision of jobs for the nonworking poor last received serious attention in the late 1970s, when they were included in the Program for Better Jobs and Income, President Carter's failed welfare reform.[26]

Summary

Before concluding, I note that other issues that concerned poverty researchers in the 1960s and remain relevant today were not discussed here. These include the high poverty rates of racial/ethnic minorities, the unequal educational prospects of poor children, and the problems of high-poverty areas. I also have not considered issues that were not on the research agenda 40 years ago that are prominent today, including, child support, family formation and nonmarital childbearing, the child care problems of working mothers, the labor market effects of immigration, the consequences of increased incarceration, cross-national comparisons of poverty, inequality and antipoverty strategies, and how the poor interpret their economic prospects. Some of these issues are discussed in other articles in this issue.

Income poverty was not eliminated by the 1980s because the economy has not generated increased earnings even for the median full-time year-round male worker since the early 1970s. Economic growth has had a limited impact on poverty because rising earnings inequality has left many workers with lower real earnings. Given current economic conditions, income poverty will not be substantially reduced unless government does more to help low-income workers and those who are willing to work but cannot find jobs. Poverty remains high, not because of a shortage of effective antipoverty policy options, but because the public and policymakers have not made reducing poverty a high priority.

In contrast, several antipoverty policies developed in the U.S. over the past four decades influenced the antipoverty initiative launched in 1999 in the United Kingdom by Prime Minister Blair.[27] Poverty in the U.K., when measured in a manner similar to the way it is measured in the U.S., fell dramatically in just a few years as these policies were implemented. The U.K. chose programs that would promote "work for those who can, security for those who cannot," and increased investments in children to expand opportunity and intergenerational mobility. A Working Families Tax Credit similar to our Earned Income Tax Credit was put into place. Relative to the EITC, the U.K. credits are more generous relative to the average wage and are paid to a greater percentage of families, including childless working adults. A minimum wage that is higher as a percentage of the average wage than is the U.S. minimum wage was also introduced in 1999 and has increased each year since then.

Other U.K. programs have drawn on the U.S. experience. The Sure Start program for early enrichment for disadvantaged children is similar to the Head Start program. The Blair government also increased spending to guarantee slots in preschools and expand access to child care for all children, extended paid maternal leave, introduced paternal leave, and set up tax-free savings accounts at childbirth. Cash welfare benefits for the nonworking poor were also raised, representing a rejection of the recent U.S. experience.[28]

This UK experience demonstrates that if there is a political will to reduce poverty and additional resources are devoted to the task, many public policies can be "taken off the shelf" and put in place to reduce poverty substantially. ■

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[1]Council of Economic Advisers. 1964. *Economic Report of the President.* Washington, DC: USGPO, p.15.

[2]R. Lampman, *Ends and Means of Reducing Income Poverty.* (Chicago: Markham, 1971), p. 167.

[3]L. Johnson, "Annual Message to the Congress on the State of the Union." January 8, 1964. Available at http://www.presidency.ucsb.edu/ws/index.php?pid=26787.

[4]See e.g., S. Danziger, R. Haveman and R. Plotnick, "Antipoverty Policy: Effects on the Poor and the Nonpoor." In S. Danziger and D. Weinberg, eds. *Fighting Poverty: What Works and What Doesn't* (Cambridge, MA: Harvard University Press, 1986): 50–77.

[5]C. Murray, *Losing Ground: American Social Policy, 1950–1980* (New York: Basic Books, 1984); L. Mead, *Beyond Entitlement: The Social Obligations of Citizenship* (New York: Free Press, 1985).

[6]R. Reagan, "Radio Address to the Nation on Welfare Reform." February 15, 1986. Available at: http://www.presidency.ucsb.edu/ws/print.php?pid=36875.

[7]M. Novak, *The New Consensus on Family and Welfare: A Community of Self-Reliance* (Milwaukee, WI: Marquette University, 1987).

[8]Danziger and Gottschalk conduct a simulation based on the demographic changes by race/ethnicity/age/family structure that occurred between 1975 and 2002 and the assumption that the economic performance of this period was similar to that of the 1949–1969 period. That is, they assume that family income adjusted for family size doubled between 1975 and 2002 as it did between 1949 and 1969, instead of increasing by 53 percent as it actually did. Further, they assume that income inequality remained at the 1975 level. This simulation of the effect of economic changes captures the expectations of the early poverty researchers that economic growth would continue and that inequality would not increase. This simulation produces a poverty rate in 2002 using that year's demographic structure that is 5.2 points below the actual poverty rate. A related simulation documents that family structure changes account for only a 1.2 percentage point increase in poverty over this quarter century. See S. Danziger and P. Gottschalk, "Diverging Fortunes: Trends in Poverty and Inequality," in R. Farley and J. Haaga, eds. *The American People, Census 2000* (New York: Russell Sage Foundation, 2005).

[9]The official poverty line in 2004 was about $9,000 for a single elderly person, about $15,000 for a single mother with two children, and about $19,000 for a married couple with two children. These poverty lines were established in the late-1960s and are adjusted each year only for inflation.

[10]T. M. Smeeding, "Poor People in Rich Nations: The United States in Comparative Perspective." *Journal of Economic Perspective*, 20, No. 1 (2006): 69–90.

[11]The Consumer Price Index Research Series (CPI-U-RS), the most recent index developed by the U.S. Bureau of Labor Statistics, shows that prices grew less rapidly than did the price index used to update the official poverty line. For example, in 2004, the CPI-U-RS poverty line for a family of four was $16,556, about 15 percent less than the corresponding official line, $19,307.

[12]U.S. Census Bureau, "Alternative Poverty Estimates in the United States: 2003." P60-227. Washington, DC, 2005.

[13]J. Tobin, "It Can Be Done! Conquering Poverty in the U.S. by 1976," *New Republic*. June 3, 1976: 14–18; R. Lampman, *Ends and Means of Reducing Income Poverty.*

[14]See e.g., P. Gottschalk and S. Danziger. "Macroeconomic Conditions, Income Transfers and the Trend in Poverty." In L. Bawden, ed., *The Social Contract Revisited* (Washington, DC: Urban Institute Press, 1984): 185–214.

[15]See e.g., C. Juhn, "Decline of Male Labor Market Participation: The Role of Declining Market Opportunities," *Quarterly Journal of Economics,* 107, No. 1 (1992): 79–122.

[16]See e.g., D. Card and J. DiNardo, "The Impact of Technological Change on Low-Wage Workers: A Review." In R. Blank, S. Danziger and B. Schoeni, eds. *Working and Poor: How Economic and Policy Changes Are Affecting Low-Wage Workers* (New York: Russell Sage Foundation, 2006): 113–140.

[17]This CPI-U-RS poverty line represents a wage rate of about $8.25 per hour for a man working year round full-time (2,000 hours). Some low annual earners have a higher hourly wage rate, but earn less than this threshold because they do not work full-time all year. The rates in the figure are not the same as the official data would show since single men and married men with fewer than two children have a lower poverty line than that for a family of four persons.

[18]If one re-examines the data for Figure 4 only for men who reside with their children (data available on request), one finds that the adjusted family income measure is several percentage points lower than the measure based on family money income. Only men with children benefit much from the EITC and in-kind transfers. When all men are included, as in Figure 4, the taxes paid by these men offset most of the benefits received.

[19]L. Johnson, "Remarks Upon Signing the Economic Opportunity Act." August 20, 1964. Available at http://www.presidency.ucsb.edu/ws/index.php?pid=26452.

[20]President's Commission on Income Maintenance Programs, "Poverty Amid Plenty: The American Paradox." Washington, DC: USGPO, 1969.

[21]R. Moffitt, "The Idea of a Negative Income Tax: Past, Present and Future." *Focus,* 23, No. 2 (2004):1–8.

[22]For more information on the Earned Income Tax Credit, see the article by Karl Scholz beginning on page 52.

[23]In 1975, a single parent working full-time year-round at the minimum wage received an EITC payment that was about 10 percent of her annual earnings; by 1990, the EITC reached 15 percent of her earnings. By 2003, the EITC was 40 percent of the annual earnings of a minimum wage parent of two children. The EITC now increases each year with inflation, whereas the federal minimum wage did not increase between 1997 and 2007.

[24]See e.g., R. Haskins, *Work over Welfare: The Inside Story of the 1996 Welfare Reform Law*. Washington, DC: Brookings Institution, 2006.

[25]See e.g., L. Turner, S. Danziger and K. Seefeldt. "Failing the Transition from Welfare to Work: Women Chronically Disconnected from Work and Cash Welfare." *Social Science Quarterly*, 87, No.2 (2006): 227–249.

[26]S. Danziger, "Welfare Reform Policy from Nixon to Clinton." In D. Featherman and M. Vinovskis, eds. *Social Science and Policy Making* (Ann Arbor, MI: University of Michigan Press, 2001): 137–164.

[27]T. Blair, "Beveridge Revisited: A Welfare State for the 21st Century." In R. Walker, ed. *Ending Child Poverty: Popular Welfare for the 21st Century?* (Bristol, UK: Policy Press, 1999): 7–18.

[28]J. Hills and J. Waldfogel, "A 'Third Way' in Welfare Reform: What Are the Lessons for the US?" *Journal of Policy Analysis and Management,* 23, No. 4 (2004): 765–788.

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