Institute for Research on Poverty
Discussion Paper no. 1227-01

Who Are the Asset Poor?: Levels, Trends, and Composition, 1983–1998

Robert Haveman
Department of Economics
La Follette School of Public Affairs
University of Wisconsin–Madison
E-mail: haveman@lafollette.wisc.edu

Edward N. Wolff
Department of Economics
New York University
and
Jerome Levy Economics Institute
Bard College

April 2001

Edward Wolff gratefully acknowledges the financial support of the Ford Foundation.

The original version of this paper was presented in September 2000 at a symposium on “Inclusion in Asset Building: Research and Policy,” sponsored by the Center for Social Development at Washington University in St. Louis with support from the Ford Foundation.

Abstract

The booming U.S. economy of the 1990s has created the impression that all American households are doing well, particularly in terms of wealth acquisition. Our results show that this is decidedly not the case. In this paper, we develop several measures of "asset poverty" and use them to document changes from 1983 to 1998 in the extent to which American households are unable to rely on an asset cushion to sustain themselves during temporary hard times. These measures indicate that in the face of the massive growth in overall assets in the United States, the level of asset poverty has actually been rising. In addition to showing the trends in overall asset poverty in the United States, we describe the patterns of asset poverty rates for various socioeconomic (e.g., race, age, schooling, family structure) groups over the 1983–1998 period. We find that the prosperity of the 1990s brought an unexpected increase in asset poverty for groups that are generally viewed as not particularly vulnerable (such as whites and college-educated families), and a sizable reduction in asset poverty for vulnerable groups such as racial minorities and single-parent families.

Who are the Asset Poor?: Levels, Trends and Composition, 1983–1998

The booming U.S. economy of the 1990s, particularly the big run-up in the stock market, has created the impression that all American households are doing well, particularly in terms of wealth acquisition. As we shall show, this is decidedly not the case. In this paper, we develop several measures of "asset poverty," and use them to document changes from 1983 to 1998 in the extent to which American households are unable to rely on an asset cushion to sustain themselves during temporary hard times. These measures indicate that in the face of the massive growth in overall assets in the United States, the level of asset poverty has actually been rising. In addition to showing the trends in overall asset poverty in the United States, we describe the patterns of asset poverty rates for various socioeconomic (e.g., race, age, schooling, family structure) groups over the 1983–1998 period.

In the next two sections, we briefly describe the current measure of official income poverty that serves as the basis for assessing the status of the nation's least well-off citizens and show the levels of official poverty for the years for which asset poverty measures are available. We also present the trend in median family income for these years. Section 3 presents the alternative asset poverty measures that we use in the paper and describes the data sources used in our analysis. These alternative measures employ various concepts of wealth, but use the same poverty cutoff thresholds; we also measure asset poverty by employing an absolute dollar cutoff, regardless of family size. Section 4 presents our estimates of asset poverty for the entire population that flow from our definitions. In Section 5, we present more details on asset poverty in 1998 for the entire population, as well as for subgroups of the population distinguished by race, age of the household head, education of the household head, tenure status, and family type. Section 6 investigates trends in asset poverty over the entire 1983–1998 period for the entire population and for the various subgroups. Section 7 shows the decomposition of these trends for subperiods of this entire period, namely for the period from 1983 (a recession year) to the recovery year of 1989, and from 1989 to a later peak year, 1998. Finally, in section 8, we summarize our results and offer a few conclusions.

1. THE CONCEPT OF POVERTY: RESOURCES AND NEEDS

Although reducing poverty is a nearly universal goal among both nations and scholars, there is no commonly accepted way of identifying who is poor. Some argue for a multidimensional poverty concept that reflects the many aspects of well-being. In this context, people deprived of social contacts (with friends and families) are described as being socially isolated, and hence poor in this dimension. Similarly, people living in squalid housing are viewed as "housing poor," and people with health deficits as "health poor." Economists tend to prefer a concept of hardship that reflects "economic position" or "economic well-being," somehow measured. This economic concept underlies the official U.S. poverty measure, and the proposed revision of it based on the National Research Council (NRC) panel report (see below).

The measurement of economic poverty seeks to identify those families whose economic position (or economic well-being), defined in terms of command over resources, falls below some minimally acceptable level. In addition to requiring a precise definition of economic position or well-being, the measure must specify a minimum level of well-being (or "needs") in terms that are commensurate with "resources."[1] Such a measure does not impose any norm on people's preferences among goods or services (e.g., necessities vs. luxuries) or between work and leisure. Moreover, it allows for differentiation according to household size and composition, and it enables intertemporal variability in access to these resources and (in principle, at least) one's ability to "enjoy" the fruits of the resources (e.g., one's health status). It does, however, link "access to resources" to "economic position" or "well-being," hence excluding many factors that may affect "utility" but are not captured by "command over resources."

Within this economic perspective, there are substantial differences regarding the specific economic well-being indicators believed to best identify those whose economic position lies below some

---

[1]Sen (1983) considered the needs standard (or poverty line) to have "some absolute justification of its own," being a level below which a person cannot participate adequately in communal activities or "be free from public shame from failure to satisfy conventions" (p. 167).

minimally acceptable level. For example, the official U.S. poverty measure relies on the *annual cash income* of a family, and compares this to some minimum income standard or "poverty line." An alternative—and equally legitimate—position is that the level of *annual consumption* better reflects a family's level of living, or that some measure of a family's *capability to be self-reliant* identifies a nation's truly needy population.[2]

2. OFFICIAL U.S. POVERTY AND MEDIAN INCOMES: 1983–1998

The Official U.S. Poverty Measure

The official U.S. definition of poverty has played a very special role in the development of social policy in this country. A case can be—indeed, has been—made that the most important contribution of the War on Poverty era was the establishment of an official, national poverty line. With the adoption of this measure, the nation made a commitment to annually chart the nation's progress toward poverty reduction by publishing and publicizing a statistical poverty index. As James Tobin (1970) put it, because of this official measure "no politician will be able to . . . ignore the repeated solemn acknowledgments of society's obligation to its poorer members."

The official U.S. poverty measure (including the recently proposed revision in it[3]) has several distinct characteristics. First, it is a measure of income poverty; the purpose is to identify those families that do not have sufficient annual cash income to meet what is judged to be their annual needs. As such, it compares two numbers for each living unit—the level of annual cash income and the level of income that a unit of its size and composition requires to secure a minimum level of consumption. By relying solely on annual cash income as the indicator of resources, this measure ignores many potential sources of utility

---

[2]See Haveman and Mullikin (2001) for a discussion of the advantages and disadvantages of these alternatives.

[3]This proposed revision is described in the report of the Panel on Poverty and Family Assistance, which was appointed by the Committee on National Statistics of the National Research Council of the National Academy of Sciences (see Citro and Michael, 1995).

or welfare (e.g., social inclusion, or "security") that may be weakly tied to cash income. Second, it is an absolute measure of poverty. Cash income is compared to income requirements, and that is it. As a result, even if the income of every nonpoor individual in the society should increase, the prevalence of poverty in the society would not be affected.

The economic resources concept on which the measure rests has been subject to many criticisms.[4] Similarly, the arbitrary nature of the denominator of the poverty ratio—the minimum income needs indicator—has also been criticized (see Ruggles, 1990). Given its conceptual basis and the crude empirical evidence on which the dollar cutoffs rest, the official U.S. poverty lines are essentially arbitrary constructs. Adjustments in the poverty line to account for different family sizes and structures also rest on weak conceptual and empirical foundations.

---

[4]The most fundamental criticisms of the official measure focus on the basic social objective on which it rests. Perhaps actual cash income is not the most salient indicator of well-being or position. Similarly, in assessing poverty trends over time, perhaps the general trend in the overall level of living should be taken into account. Other proposed poverty indicators reflect these alternative judgments. Aside from taking exception to the social objective that underlies the official measure, most other criticisms of it focus on the adequacy of the annual cash income measure of "command over resources." Although the current cash income numerator of the poverty ratio may reflect the extent to which the family has cash income available to meet its immediate needs (and hence be desirable for determining eligibility for program benefits or financial assistance), it indicates little about the level of consumption spending potentially available to the family. For many families, annual income fluctuates substantially over time. Unemployment, layoffs, the decision to undertake midcareer training or to change jobs, health considerations, and especially income flows from farming and self-employment may all cause the money income of a household to change substantially from one year to the next. Even as an indicator of a family's ability to meet its immediate needs, the current income measure is flawed—it reflects neither the recipient value of in-kind transfers (e.g., food stamps and Medicaid, both of which are major programs in the United States supporting the economic well-being of low-income families) nor the taxes for which the family is liable. The failure to reflect the effect of taxes is particularly troublesome in the U.S. context. The Earned Income Tax Credit (EITC) has expanded into a major form of income support for the low-income working population. However, because the refundable payments are viewed as negative taxes, they are not reflected in the definition of income used in the official poverty measure. Similarly, whereas current cash income—and hence the official poverty measure—reflects financial flows in the form of interest and dividends from the assets held by individuals, the assets themselves are not counted, nor is the value of leisure (or voluntary nonwork) time reflected in the measure. This is less the case for the NRC-proposed revision to the official poverty measure, as it attempts to account for some in-kind benefits in assessing the relationship of resources to needs. The official U.S. poverty measure is also silent on the differences in the implicit value that families place on income from various sources. Income from public transfers, market work, and returns on financial assets are treated as being equivalent in contributing to a family's well-being. As an absolute measure of poverty, the official U.S. measure also implicitly assumes that it is the circumstances of those at the bottom of the distribution that matters, and not income inequality per se. A growing gap between those with the least money income and the rest of society need not affect the official poverty rate.

<u>Official Income Poverty and Median Income, 1983–1998</u>

In spite of criticisms of it, the official U.S. poverty measure provides a baseline against which to judge estimates of asset poverty. The following table presents estimates of the percentage of poor families in the United States in those years over the 1983–1998 period for which we are able to study asset poverty, together with estimates of median family income for these years.

Year	Poverty Rate for Families	Median Family Income ($ thousands 1999)
1983	12.3	$41.1
1989	10.3	46.0
1992	11.9	43.4
1995	10.8	44.4
1998	10.0	47.8

Both of these income-based indicators of well-being closely followed macroeconomic conditions since the beginning of the 1980s. The official income poverty rate stood at over 12 percent at the end of the severe recession of the early 1980s. During the several years of economic growth following that recession, poverty fell steadily to a level of 10.3 percent by 1989. By 1992, family poverty had again risen as the recession early in that decade also took its toll. However, in the prolonged expansion of the 1990s, official poverty again fell, to 10.8 percent in 1995 and then to its lowest level since the 1970s—10 percent—in 1998.

This pattern parallels changes in median family income over this period. Median family income grew from $41,100 to $46,000 in 1989, before falling to $43,400 during the recession of the early 1990s. Persistent growth during the 1990s led to growth in median family income to $47,800, its highest level during the period.

3. ASSET POVERTY: CONCEPTS AND DATA

With this background of trends in official poverty and median family income over the 1983–1998 period, we now turn to the definition and measurement of "asset poverty." The proposal for an asset poverty was first made in Oliver and Shapiro (1997).

Definitions and Conventions

We define households or persons as being "asset poor" if their access to *wealth-type resources* is insufficient to enable them to meet their *basic needs* for some limited *period of time*. This statement leaves open a number of issues on which judgments are required in order to develop a measure of asset poverty.

What Are "Basic Needs"? We begin with the assumption that household needs can be met by access to financial resources. There is no commonly accepted standard for the minimum amount of financial resources necessary to meet needs, so we use the family-size–conditioned poverty thresholds recently proposed by the NRC panel as alternatives to the long-standing official thresholds.[5] The panel recommended that the thresholds should represent a dollar amount for food, clothing, shelter (including utilities), and a small additional amount to allow for other common, everyday needs (e.g., household supplies, personal care, and nonwork-related transportation). One threshold was developed for a reference family consisting of two adults and two children using Consumer Expenditure Survey data, and the reference family threshold was then adjusted to reflect the needs of different family types and geographic differences in the cost of living. These thresholds are based on the three-parameter equivalence scale for reflecting the needs of families of various sizes and structures.[6] The 1997 threshold for a reference family

---

[5]See Citro and Michael (1995).

[6]Three-parameter scale = ratio of the scale for 2 adults to one adult is 1.41. For single parents (adults + .8 + .5 * children - 1)$^{.7}$; all other families (adults + .5 * children)$^{.7}$.

of two adults with two children is $15,998, which compares with the current official threshold of $16,276.[7]

What Period of Time? Although the poverty thresholds indicate the level of basic needs for households of various sizes and structures, they measure these needs over the course of a year. This leaves open the question of how long any stock of wealth-type resources should be expected to sustain a household in meeting its basic needs, should no other resources be available.

A reasonable standard might be that families should have an asset cushion that allows them to meet basic needs—the threshold poverty line—for 3 months, should all other sources of support fail. With this standard, a four-person family (two adults and two children) that had net financial assets of less than $4,000 in 1997 would be declared "asset poor," which would be the analogue of being income poor. Similarly, a one-person family with assets below $2,500 or a six-person family with assets below $6,900 would likewise fall below the basic needs threshold. In an alternative approach, we set an absolute standard of $5,000, implying that a household is poor if it has wealth-type resources of less than that amount.

What Is "Wealth"? The third issue concerns the concept of wealth that we will employ in measuring asset poverty. In this study, we define marketable wealth (or **net worth, NW**) as the current value of all marketable or fungible assets, less the current value of debts, as the primary measure of wealth. Net worth is thus the difference in value between total assets and total liabilities or debt (see Appendix). This NW concept is the primary measure of wealth because it reflects wealth as a store of value and therefore a source of potential consumption. We believe that this concept best reflects the level

[7]Our poverty line calculation is drawn from U.S. Census Bureau (1999), Table C1: CPI-U adjustment; Table C2: Three-parameter scale.

of well-being associated with a family's holdings. Thus, only assets that can be readily marketed (that is, "fungible" ones) are included.[8]

Alternatively, we present estimates of asset poverty that are based on two more restrictive definitions of wealth. In the first case, we use **net worth less home equity (NW – HE)**. In this definition, we presume that it would be untoward to require a household to sell its home in order to secure the financial resources necessary to tide it over a period without income sources. Finally, we use an even more restrictive definition, namely **liquid assets (Liquid)**, defined as cash or easily monetizable financial assets, excluding IRAs and pension assets (see Appendix).

Data Sources

The data used in this study are the 1983, 1989, 1992, 1995, and 1998 Surveys of Consumer Finances (SCF) conducted by the Federal Reserve Board. Each survey consists of a core representative sample combined with a high-income supplement. The supplement is drawn from the Internal Revenue Service's Statistics of Income data file. For the 1983 SCF, for example, an income cutoff of $100,000 of adjusted gross income is the criterion for inclusion in the supplemental sample. The advantage of the high-income supplement is that it provides a much "richer" sample of high-income and therefore potentially very wealthy families. The SCF also has the advantage of providing exceptional detail on both assets and debt (several hundred questions are asked). For example, it asks each household to identify both first and second mortgages and home equity credit lines, as well as the institutions granting the loans and the interest rates charged. Credit card balances are asked for each credit card held by the family, as well as interest charges.

[8]Note that net worth excludes the value of vehicles that may be owned. The rationale for excluding vehicles is that for most families, particularly poor families, autos tend to be necessary for work-related transportation, and therefore not readily available for sale to meet immediate consumption needs.

4. ASSET POVERTY IN THE UNITED STATES: 1983–1998

Our overall estimates of the level of asset poverty in the United States are provided in the following tabulation for the years 1983–1998. We present estimates for all three of the definitions of assets mentioned above and show the rate for the liquid-assets-below-$5,000 absolute standard as well.

Year	NW < .25 Poverty Line	[NW – HE] < .25 Poverty Line	Liquid < .25 Poverty Line	Liquid < $5000
1983	22.4	36.9	33.2	40.1
1989	24.7	37.3	36.4	39.2
1992	24.0	37.9	37.5	40.5
1995	25.3	40.0	43.8	51.5
1998	25.5	36.8	39.7	45.3

As expected, the most inclusive measure of assets, NW, yields the lowest poverty rates among the four measures shown; the values range from 22.4 percent in 1983 to 25.5 percent in 1998. Following the recession of the early-1980s, NW asset poverty rose by about 2 percentage points by 1989, then fell slightly during the recession of the early 1990s, and rose again during the prolonged period of growth during the decade of the 1990s.

The asset poverty rate rises to 37 to 40 percent when home equity is excluded from the definition of assets. For the NW – HE measure, asset poverty is lowest in 1983 and 1998, and reaches a peak of 40 percent in 1995. The two Liquid measures have their lowest levels during the 1980s, with substantial increases from 1989 to 1995. Even at the end of the 1990s growth period, Liquid asset poverty stood at nearly 40 percent when the poverty thresholds are used to measure basic needs, and at more than 45 percent when the absolute $5,000 standard is set as the norm.

For all of the measures except NW – HE, asset poverty at the end of the period exceeded both its 1983 level and its level during the recession of the early 1990s. Interestingly, the time pattern of asset poverty rates does not reflect macroeconomic conditions and does not parallel that of income poverty or median family income.

5. THE STRUCTURE OF ASSET POVERTY IN 1998

In this section we present descriptive statistics on asset poverty for different demographic and labor market groups in the final year, 1998. The population groupings that we discuss include divisions by age group, race/ethnicity, education, marital status and presence of children, and tenure status.

1998 Overall Asset Poverty Rates

Table 1 repeats the overall asset poverty rates for all U.S. households in 1998, using the conventions regarding basic needs, time periods, and wealth-type resources defined above.

Table 1 shows very high asset poverty rates. Using NW – HE combined with the 3-month cushion, over 35 percent of the nation’s households are asset poor. The liquid asset definition of wealth-type resources has about 40 percent of the nation’s families in asset poverty. The most expansive definition of wealth-type resources—NW—indicates a national asset poverty rate of nearly just over 25 percent. Using the absolute definition of asset poverty (Liquid < $5,000), over 36 percent of the nation’s households are asset poor.

1998 Asset Poverty Rates by Race

Table 2 presents the racial breakdown of asset poverty rates for households. The racial disparities are enormous, with the poverty rate for minorities (blacks/Hispanics) being about double those for

TABLE 1
Asset Poverty by Four Definitions, 1998

Poverty Definition	Households
NW < .25 poverty line	25.5%
[NW – HE] < .25 poverty line	36.8%
Liquid < .25 poverty line	39.7%
Liquid < $5000	36.4%

Source: Authors' calculations based on 1998 SCF, 1998 dollars.

TABLE 2
Asset Poverty by Race, Four Definitions, 1998

	Households	
Poverty Definition	Whites	Blacks/Hispanics
NW < .25 poverty line	20.5%	45.3%
[NW – HE] < .25 poverty line	30.8%	60.5%
Liquid < .25 poverty line	33.5%	64.7%
Liquid < $5000	39.6%	69.0%

Source: Authors' calculations based on 1998 SCF, 1998 dollars.

whites.[9] Using the 3-month cushion criterion, the rates for whites range from 21 percent to 34 percent; the range for blacks/Hispanics is 45 percent to 65 percent.

Using the absolute cutoff of $5,000, about 40 percent of white households have liquid assets below this cutoff, while nearly 70 percent of black/Hispanic households have less than this amount of financial reserves.

<u>1998 Asset Poverty Rates by Age of Household Head</u>

Table 3 shows the asset poverty rates for households headed by persons in various age groups. As with the racial comparisons, the gaps here are enormous. Regardless of the measure, households headed by people less than 25 years old have remarkably high asset poverty rates—for example, more than 70 percent do not have a stock of asset wealth in any form sufficient to support poverty line consumption for a 3-month period, and 81 percent of these young households have less than $5,000 of liquid assets. These poverty rates fall monotonically by age. For households headed by a person aged 35–49, asset poverty rates are one-half or less of the rates for the young households. Those aged 62 and older have asset poverty rates ranging from 11 to 26 percent, using the quarter-year cushion criterion.

<u>1998 Asset Poverty Rates by Education of Household Head</u>

Table 4 presents the asset poverty rates by the education level of the household head. As with age, the asset poverty rates fall monotonically by the education of the head. Asset poverty rates for households headed by a person with 4 or more years of college are about one-third of those of families with a head who has not completed a high school degree. Over two-thirds of families headed by a person

---

[9]We have combined African Americans and Hispanics into a single group for two reasons. The first is the relatively small sample sizes for these two groups and the associated sampling variability. The second is the change in the wording of questions on race and ethnicity over the five SCF surveys. In particular, in the 1995 and 1998 surveys, the race question does not explicitly indicate non-Hispanic whites and non-Hispanic blacks for the first two categories, so that some Hispanics may have classified themselves as either whites or blacks. In the case of the former, there is no way to correct the classification.

TABLE 3
Asset Poverty by Age of Household Head, Four Definitions, 1998

	Households				
Poverty Definition	<25 Years	25–34 Years	35–49 Years	50–61 Years	>62 Years
NW < .25 poverty line	70.7%	46.8%	23.5%	15.0%	11.0%
[NW – HE] < .25 poverty line	75.3%	59.8%	33.8%	27.4%	22.9%
Liquid < .25 poverty line	70.0%	59.2%	39.7%	29.8%	26.2%
Liquid < $5000	81.2%	64.9%	44.2%	36.3%	31.5%

Source: Authors’ calculations based on 1998 SCF, 1998 dollars.

TABLE 4
Asset Poverty by Education of Household Head, Four Definitions, 1998

	Households			
Poverty Definition	<High School	High School	1–3 Years College	College Grad
NW < .25 poverty line	40.2%	26.5%	24.5%	15.3%
[NW – HE] < .25 poverty line	58.7%	39.6%	34.8%	20.8%
Liquid < .25 poverty line	64.8%	45.6%	36.5%	19.1%
Liquid < $5000	68.7%	51.9%	43.8%	23.8%

Source: Authors’ calculations based on 1998 SCF, 1998 dollars.

with less than a high school degree have less than $5,000 of liquid assets, but only 24 percent of college graduates have so low an asset cushion.

1998 Asset Poverty Rates by Housing Tenure

The pattern of asset poverty rates by housing tenure, shown in Table 5, is revealing. With an asset measure that includes the value of home equity, the asset poverty rate for homeowners is less than 10 percent, compared with rates of over 60 percent for renters. The rates become closer when asset concepts excluding home equity are used, but the asset poverty rates of renters remain more than double those of homeowners. Indeed, nearly three-fourths of renters have less than $5,000 of easily accessible assets, compared to about one-third of homeowners. It seems clear that homeownership provides more than home equity, and is associated with the ownership of a wide range of financial assets.

1998 Asset Poverty Rates by Family Type

Asset poverty rates vary substantially by family type, as shown in Table 6. The lowest asset poverty rates are observed among households of married couples aged 65 and older. Using the 3-month cushion criterion, they range from 4 percent when home equity is included in the asset definition to 19–21 percent using the Liquid definitions. The rates for two-parent families with children range from about 25 percent to 44 percent, while the rates for families with children and a female single-parent range from 54 percent to 70 percent. For male-headed single-parent families the poverty rates range from 37 percent to 54 percent. The comparable rates for households headed by men and women but with no children present are in 35 percent to 50 percent range (not shown); interestingly, the asset poverty rates for such families are somewhat higher for male-headed families than for those headed by a female.

TABLE 5
Asset Poverty by Housing Tenure, Four Definitions, 1998

	Households	
Poverty Definition	Homeowners	Renters
NW < .25 poverty line	6.4%	63.0%
[NW – HE] < .25 poverty line	23.5%	63.0%
Liquid < .25 poverty line	26.6%	65.4%
Liquid < $5000	31.4%	72.7%

Source: Authors' calculations based on 1998 SCF, 1998 dollars.

TABLE 6
Asset Poverty by Family Type, Four Definitions, 1998

	Households						
Poverty Definition	<65 Years Married w/ Children	<65 Years Married No Child	<65 Years Female Head w/ Children	<65 Years Male Head w/ Children	>65 Years Married	>65 Years Single Female	>65 Years Single Male
NW < .25 poverty line	25.3%	19.0%	53.7%	36.8%	4.0%	17.3%	13.1%
[NW – HE] < .25 poverty line	39.3%	28.9%	64.4%	47.8%	12.8%	30.3%	30.8%
Liquid < .25 poverty line	44.4%	27.9%	69.8%	53.9%	19.1%	31.9%	32.7%
Liquid < $5000	45.9%	34.9%	74.2%	63.3%	20.7%	39.9%	38.9%

Source: Authors' calculations based on 1998 SCF, 1998 dollars.

6. TRENDS IN ASSET POVERTY: 1983–1998

In Table 7 we summarize the patterns of asset poverty in 1983 and in 1998 for the four definitions of asset poverty. Table 7 also shows the percentage change in asset poverty rates in the 15-year period between 1983 and 1998. The first year, 1983, is a recession year, while 1998 is the sixth year of a sustained recovery, with the economy at full employment. Given these different macroeconomic conditions, it is expected that the rates of asset poverty would have fallen over this period.

For three of the asset poverty measures—*NW < .25 poverty line*, *Liquid < .25 poverty line*, and *Liquid < $5000*—our expectation regarding the change in the level of poverty is not met. Increases in asset poverty of 14, 20, and 13 percent, respectively, are recorded for these definitions. Only for *[NW – HE] < .25 poverty line*, the measure that excludes home equity while maintaining other (primarily financial and pension wealth) holdings, does the prevalence of asset poverty not increase (though it remains virtually unchanged). In spite of the enormous increase in financial and pension wealth holdings over this period, 37 percent of the nation remains in wealth poverty by this definition.

Although this pattern holds for the white population, the situation is quite different for blacks and Hispanics. For blacks/Hispanics, decreases in asset poverty rates are observed for all of the measures except *Liquid < .25 poverty line*, which remains virtually unchanged. The decreases range from 4 percent to 13 percent.

Regardless of definition, households headed by people <25, 25–34, and 35–49 experienced the largest increases in asset poverty. Using the broadest and the narrowest definition of assets—*NW < .25 poverty line* and *Liquid < .25 poverty line*—the increases in asset poverty ranged from 25 to 27 percent for the youngest group, from 29 to 32 percent for the 25–34-year-olds, and from 28 to 33 percent for the 35–49-year-olds.

Across education groups, all except those with some college education experienced an increase in asset poverty over this 15-year period. For the *NW < .25 poverty line* and *[NW – HE] < .25 poverty line*

TABLE 7
Asset Poverty Rates, 1983 and 1998, and Percentage Change, 1983–1998

		1983				1998				Percentage Change			
		NW<.25 Poverty Line	[NW–HE] <.25 Poverty Line	Liquid < .25 Poverty Line	Liquid < $5000	NW < .25 Poverty Line	[NW– HE] < .25 Poverty Line	Liquid < .25 Poverty Line	Liquid < $5000	NW < .25 Poverty Line	[NW – HE] < .25 Poverty Line	Liquid < .25 Poverty Line	Liquid < $5000
	Total	22.4%	36.9%	33.2%	40.1%	25.5%	36.8%	39.7%	45.3%	14.0	-0.3	19.5	12.9
Race	White	17.1%	30.0%	26.9%	33.5%	20.5%	30.8%	33.5%	39.6%	19.8	2.6	24.7	18.4
	Black/Hispanic	47.4%	69.9%	63.8%	71.8%	45.3%	60.5%	64.7%	69.0%	-4.4	-13.4	+1.0	-3.9
Age	< 25	55.6%	63.0%	56.1%	70.7%	70.7%	75.3%	70.0%	81.2%	27.1	19.6	24.7	14.8
	25–34	36.3%	51.4%	44.8%	53.6%	46.8%	59.8%	59.2%	64.9%	29.1	16.3	32.1	21.0
	35–49	17.7%	36.2%	30.9%	35.4%	23.5%	33.8%	39.7%	44.2%	33.1	-6.7	28.3	24.9
	50–61	13.8%	27.8%	26.2%	29.5%	15.0%	27.4%	29.8%	36.3%	8.6	-1.5	13.9	23.1
	62+	9.9%	21.9%	22.5%	30.5%	11.0%	22.9%	26.2%	31.5%	11.6	4.5	16.5	3.2
Education	< High school	29.8%	50.0%	50.0%	56.9%	40.2%	58.7%	64.8%	68.7%	35.1	17.3	29.6	20.7
	High school	20.9%	36.1%	33.6%	40.6%	26.5%	39.6%	45.6%	51.9%	26.7	9.8	35.9	27.9
	1–3 years college	25.5%	37.8%	31.1%	38.8%	24.5%	34.8%	36.5%	43.8%	-4.1	-7.8	17.4	12.8
	College grad	11.3%	19.3%	11.8%	17.6%	15.3%	20.8%	19.1%	23.8%	34.9	7.8	62.0	35.2
Tenure	Homeowner	3.6%	26.5%	22.6%	27.6%	6.4%	23.5%	26.6%	31.4%	76.9	-11.5	17.9	13.6
	Renter	54.8%	54.8%	51.7%	61.7%	63.0%	63.0%	65.4%	72.7%	14.9	14.9	26.5	17.8
Family Type	< 65 years, married, children	21.6%	42.2%	37.6%	40.6%	25.3%	39.3%	44.4%	45.9%	16.9	-6.8	18.1	13.0
	< 65 years, married, no child	12.9%	25.0%	19.9%	25.1%	19.0%	28.9%	27.9%	34.9%	46.9	15.7	40.1	38.9
	< 65 years, female head, children	48.1%	67.0%	63.4%	68.4%	53.7%	64.4%	69.8%	74.2%	11.6	-3.8	10.0	8.5
	65+ years, married	5.5%	16.3%	17.4%	22.6%	4.0%	12.8%	19.1%	20.7%	-27.8	-21.6	10.1	-8.5
	65+ years, female head	15.3%	28.0%	29.0%	41.7%	17.3%	30.3%	31.9%	39.9%	13.1	8.3	9.9	-4.4
	65+ years, male head	21.1%	40.2%	40.2%	49.6%	13.1%	30.8%	32.7%	38.9%	-37.8	-23.4	-18.7	-21.6

Source: Authors' calculations based on the SCF for 1983, 1989, and 1998.

measures, both of which include pension plan and IRA assets, the two low-schooling groups and the college graduates experienced a substantial increase in asset poverty. However, using these same measures, the group with some college but not a degree experienced decreases in asset poverty. Using the *Liquid < .25 poverty line* measure, a very large increase in asset poverty over the period is recorded for all of the schooling groups. However, the increase was substantially smaller for the group with some college than for the remaining groups. The increase in liquid asset poverty is exceptionally large for families headed by a college graduate; *Liquid < .25 poverty line* asset poverty grew by 62 percent over the period, from 12 percent to 19 percent.

Regardless of the asset measure used, asset poverty for renters grew by between 15 and 27 percent over the period. However, the patterns of asset poverty change are substantially different for homeowners. Using the asset measure that includes homeowner equity, the rate of poverty increased by 77 percent over the period, albeit from a very low base of 4 percent in 1983. The ostensible reason is the very high growth in mortgage debt as a percentage of house value, which almost doubled from 1983 to 1998. When the net asset value of the owned home is excluded from the asset base (*[NW – HE] < .25 poverty line*), the rate of asset poverty for homeowners actually fell. Relatively small increases in asset poverty—14 to 18 percent—are recorded for homeowners using the Liquid asset measures.

Among families headed by a person less than 65 years old, the largest increases in asset poverty (16 percent to 47 percent) are recorded for childless married couples. Young families headed by females experienced the lowest percentage increases in asset poverty—ranging from −4 percent to +12 percent. Among families headed by a person 65 years or older, the change in asset poverty levels varies substantially by type. Female-headed families in this category—primarily widows—experienced modest increases in asset poverty. However, for both elderly married couples and older single-male households, decreases in asset poverty are recorded for most measures. For older single-male households, the reductions in asset poverty range from 19 to 38 percent.

In sum, overall asset poverty shows modest growth over the 15-year period from 1983 to 1998. Among population subgroups, however, the patterns of growth vary substantially. Large increases in asset poverty are recorded for:

- whites, relative to racial minorities,
- families headed by persons less than 50 years old, relative to older families,
- families headed by persons with little schooling and for college graduates, relative to those with some college (the result for college graduates reflects the low base from which the percentage change is calculated),
- renters, relative to homeowners, and
- families headed by persons less than 65 years old (regardless of marital status and the presence of children), relative to families headed by persons 65 years and older.

7. SUBPERIOD ASSET POVERTY TRENDS: 1983–1989 AND 1989–1998

The trends discussed in the previous section and shown in Table 7 summarize asset poverty developments over the entire period from 1983 to 1998—from a distant recession year to a recent full-employment year. In this section, we decompose these long trends into trends over two separate periods—from the recession year 1983 to a relatively full-employment year later in that decade, 1989, and from that year to 1998. The latter comparison, between two full-employment years, should be revealing in terms of the underlying structure of asset holdings over the last decade.

Table 8 presents the pattern for the entire population, and for racial groups within the population. For all households, asset poverty rose slightly for three of the four asset measures during the early period, and fell slightly for the *Liquid < $5000* measure. Basically, little change in overall asset poverty is recorded over this period. Similarly, for most of the asset poverty measures, rather small increases in asset poverty occurred from 1989 to 1998, the two recent full-employment years. Only for the absolute asset standard definition—*Liquid < $5000*—is a substantial increase of 17 percent recorded over this recent peak-to-peak period.

TABLE 8
Asset Poverty Rates
Total and by Race, and Percentage Change

	Year					Percentage Change		
	1983	1989	1992	1995	1998	1983–1989	1989–1998	1983–1998
Total								
NW < .25 poverty line	22.4%	24.7%	24.0%	25.3%	25.5%	10.3	3.2	14.0
[NW – HE] < .25 poverty line	36.7%	37.3%	37.4%	40.0%	36.8%	1.6	-1.4	-0.3
Liquid < .25 poverty line	33.2%	36.4%	37.5%	43.8%	39.7%	9.6	9.1	19.5
Liquid < $5000	40.1%	38.7%	40.5%	51.5%	45.3%	-3.6	17.1	12.9
White								
NW < .25 poverty line	17.1%	16.6%	19.1%	20.2%	20.5%	-2.9	23.4	19.8
[NW – HE] < .25 poverty line	30.0%	26.7%	31.0%	34.1%	30.8%	-11.1	15.4	2.6
Liquid < .25 poverty line	26.9%	25.9%	29.8%	38.2%	33.5%	-3.7	29.5	24.7
Liquid < $5000	33.5%	28.5%	32.5%	46.0%	39.6%	-14.9	39.0	18.4
Black/Hispanic								
NW < .25 poverty line	47.4%	53.6%	43.2%	46.1%	45.3%	13.1	-15.5	-4.4
[NW – HE] < .25 poverty line	69.9%	74.7%	64.3%	64.8%	60.5%	6.4	-19.0	-13.4
Liquid < .25 poverty line	63.8%	72.9%	66.8%	66.3%	64.7%	14.3	-11.2	+1.0
Liquid < $5000	71.8%	76.2%	70.4%	74.1%	69.0%	6.1	-9.4	-3.9

Source: Authors' calculations based on the SCF for 1983, 1989, 1992, 1995, and 1998.

However, the difference in the patterns of asset poverty growth between whites and blacks over the two periods is unexpected and surprising. Asset poverty for white families decreased by all of the measures during the 1980s, but asset poverty among blacks/Hispanics increased over this period. Precisely the reverse pattern exists over 1989–1998. During this period, asset poverty for whites reversed course and grew substantially, increasing by 15 to 39 percent depending on the asset measure. However, for blacks/Hispanics, asset poverty declined substantially over this peak-to-peak comparison period. Depending on the asset measure, asset poverty for black families fell by 9 to 19 percent during this last decade. This divergent pattern is noteworthy and the reasons for it are not immediately obvious. However, the results do accord with findings reported in Wolff (forthcoming) that the homeownership rate among black families rose during the 1990s and the share of black households with zero or negative net worth declined.[10]

Table 9 presents similar results for age groups. For the youngest and oldest age groups, substantial growth in asset poverty occurred during the 1980s, in spite of the move from a deep recession to full employment. During the 1989–1998 period, asset poverty remained nearly constant at rates around 70–75 percent for families headed by young people, but fell substantially from rather low rates of 15 to 30 percent for the families headed by persons aged 62 and older. The picture is more mixed for the intermediate age groups. For families headed by persons aged 25–34, asset poverty rose in both subperiods, regardless of the measure used. For families headed by persons aged 35–61, asset poverty growth patterns vary substantially between the subperiods depending on the measure.

The subperiod pattern of asset poverty changes for educational groups is shown in Table 10. For each of the schooling groups considered individually, asset poverty grew substantially during the recent

---

[10]Because of the rather unexpected turnaround of results in 1989, we also used a second set of weights—known as the X42001 weights—in the calculations for 1989. This variable is a partially design-based weight constructed at the Federal Reserve using original selection probabilities and frame information along with aggregate control totals estimated from the Current Population Survey. The results for 1989 were almost identical with the new set of weights.

TABLE 9
Asset Poverty Rates by Age, and Percentage Change, 1983 and 1998

	Year			Percentage Change		
	1983	1989	1998	1983–1989	1989–1998	1983–1998
< 25 Years Old						
NW < .25 poverty line	55.6%	70.1%	70.7%	25.9	0.9	27.1
[NW – HE] < .25 poverty line	63.0%	73.9%	75.3%	17.3	1.9	19.6
Liquid < .25 poverty line	56.1%	76.1%	70.0%	35.5	-8.0	24.7
Liquid < $5000	70.7%	76.7%	81.2%	8.5	5.9	14.8
25–34 Years Old						
NW < .25 poverty line	36.3%	42.7%	46.8%	17.8	9.6	29.1
[NW – HE] < .25 poverty line	51.4%	54.1%	59.8%	5.2	10.6	16.3
Liquid < .25 poverty line	44.8%	50.4%	59.2%	12.5	17.5	32.1
Liquid < $5000	53.6%	53.6%	64.9%	0.0	21.1	21.0
35–49 Years Old						
NW < .25 poverty line	17.7%	22.1%	23.5%	25.1	6.4	33.1
[NW – HE] < .25 poverty line	36.2%	35.0%	33.8%	-3.4	-3.4	-6.7
Liquid < .25 poverty line	30.9%	32.1%	39.7%	3.6	23.8	28.3
Liquid < $5000	35.4%	33.2%	44.2%	-6.2	33.2	24.9
50–61 Years Old						
NW < .25 poverty line	13.8%	11.2%	15.0%	-18.8	33.7	8.6
[NW – HE] < .25 poverty line	27.8%	27.6%	27.4%	-0.9	-0.6	-1.5
Liquid < .25 poverty line	26.2%	27.9%	29.8%	6.6	6.8	13.9
Liquid < $5000	29.5%	31.1%	36.3%	5.5	16.6	23.1
62+ Years Old						
NW < .25 poverty line	9.9%	13.1%	11.0%	32.6	-15.9	11.6
[NW – HE] < .25 poverty line	21.9%	25.6%	22.9%	16.8	-10.6	4.5
Liquid < .25 poverty line	22.5%	28.1%	26.2%	24.9	-6.7	-16.5
Liquid < $5000	30.5%	32.4%	31.5%	6.2	-2.8	3.2

Source: Authors' calculations based on the SCF for 1983, 1989, and 1998.

TABLE 10
Asset Poverty Rates by Education, and Percentage Change, 1983 and 1998

	Year			Percentage Change		
	1983	1989	1998	1983–1989	1989–1998	1983–1998
<High School						
NW < .25 poverty line	29.8%	32.3%	40.2%	8.6	24.4	35.1
[NW – HE] < .25 poverty line	50.0%	48.2%	58.7%	-3.7	21.8	17.3
Liquid < .25 poverty line	50.0%	49.7%	64.8%	-0.6	30.4	29.6
Liquid < $5000	56.9%	53.5%	68.7%	-6.1	28.5	20.7
High School Graduate						
NW < .25 poverty line	20.9%	25.4%	26.5%	21.6	4.2	26.7
[NW – HE] < .25 poverty line	36.1%	36.6%	39.6%	1.4	8.3	9.8
Liquid < .25 poverty line	33.6%	34.9%	45.6%	4.0	30.6	35.9
Liquid < $5000	40.6%	38.0%	51.9%	-6.3	36.5	27.9
1–3 Years College						
NW < .25 poverty line	25.5%	19.2%	24.5%	-25.0	27.9	-4.1
[NW – HE] < .25 poverty line	37.8%	32.7%	34.8%	-13.4	6.4	-7.8
Liquid < .25 poverty line	31.1%	26.4%	36.5%	-15.0	38.2	17.4
Liquid < $5000	38.8%	29.6%	43.8%	-23.9	48.2	12.8
College Graduate						
NW < .25 poverty line	11.3%	9.6%	15.3%	-15.2	59.2	34.9
[NW – HE] < .25 poverty line	19.3%	15.3%	20.8%	-20.9	36.2	7.8
Liquid < .25 poverty line	11.8%	13.5%	19.1%	14.7	41.2	62.0
Liquid < $5000	17.6%	13.2%	23.8%	-25.3	81.0	35.2

Source: Authors' calculations based on the SCF for 1983, 1989, and 1998.

1989–1998 peak-to-peak period, with especially large increases recorded for families headed by a college graduate. This contrasts with the growth pattern during the 1980s, during which time asset poverty declined substantially for the two groups with some college education, while it either fell or rose modestly for the two groups with no more schooling than a high school degree. Again, the substantial growth in asset poverty for each of the educational groups over the recent decade is surprising and unexpected. Clearly, the fabled run-up in financial asset holdings for those with education and schooling has bypassed the bottom quarter of this group.

Table 11 presents the subperiod growth patterns for renters and homeowners. For renters, asset poverty levels increased by all of the measures during both subperiods. However, while asset poverty fell during the 1980s for homeowners by all of the measures, sizable increases in asset poverty using the *NW < .25 poverty line* or Liquid asset definitions are recorded over the recent decade. These increases ranged from 20 percent to 95 percent. During this period, only the *[NW – HE] < .25 poverty line* measure indicates no increase in asset poverty.

Finally, we present the subperiod patterns of asset poverty for families of various structures in Table 12. Consider, first, families headed by a person less than 65 years old. During the 1980s, asset poverty fell by all measures for two-parent families with children; however, for childless families and especially for female-headed families, asset poverty rose during the 1980s. Again, a surprising and unexpected twist occurs during the most recent decade, from 1989 to 1998. In this period, asset poverty rose by all measures for intact families with children. For families without children, asset poverty continued its growth but at an accelerated rate. However, for female-headed families with children, asset poverty fell by all measures during the recent decade, by 4 to 17 percent.

Some surprising twists are also seen for the families headed by a person 65 years and older. For female-headed older families, asset poverty increased during the 1980s, but fell by most of the measures over the peak-to-peak years spanning the 1990s. Just the opposite pattern is observed for older families

TABLE 11
Asset Poverty Rates by Housing Tenure, and Percentage Change

	Year			Percentage Change		
	1983	1989	1998	1983–1989	1989–1998	1983–1998
Homeowner						
NW < .25 poverty line	3.6%	3.3%	6.4%	-9.7	95.8	76.9
[NW – HE] < .25 poverty line	26.5%	23.5%	23.5%	-11.6	0.1	-11.5
Liquid < .25 poverty line	22.6%	22.2%	26.6%	-1.8	20.0	17.9
Liquid < $5000	27.6%	23.9%	31.4%	-13.4	31.2	13.6
Renter						
NW < .25 poverty line	54.8%	60.8%	63.0%	10.9	3.6	14.9
[NW – HE] < .25 poverty line	54.8%	60.7%	63.0%	10.6	3.9	14.9
Liquid < .25 poverty line	51.7%	60.5%	65.4%	17.0	8.1	26.5
Liquid < $5000	61.7%	64.9%	72.7%	5.2	12.0	17.8

Source: Authors' calculations based on the SCF for 1983, 1989, and 1998.

TABLE 12
Asset Poverty Rates by Family Structure, and Percentage Change

	Year			Percentage Change		
	1983	1989	1998	1983–1989	1989–1998	1983–1998
<65 Years, Married, Children						
NW < .25 poverty line	21.6%	21.3%	25.3%	-1.7	19.0	16.9
[NW – HE] < .25 poverty line	42.2%	36.8%	39.3%	-12.6	6.7	-6.8
Liquid < .25 poverty line	37.6%	36.9%	44.4%	-1.9	20.4	18.1
Liquid < $5000	40.6%	36.5%	45.9%	-10.1	25.6	13.0
<65 Years, Married, No Child						
NW < .25 poverty line	12.9%	13.5%	19.0%	4.2	41.0	46.9
[NW – HE] < .25 poverty line	25.0%	25.4%	28.9%	1.7	13.7	15.7
Liquid < .25 poverty line	19.9%	20.9%	27.9%	5.0	33.4	40.1
Liquid < $5000	25.1%	22.7%	34.9%	-9.8	54.0	38.9
<65 Years, Female Head, Children						
NW < .25 poverty line	48.1%	63.0%	53.7%	30.9	-14.8	11.6
[NW – HE] < .25 poverty line	67.0%	77.2%	64.4%	15.3	-16.6	-3.8
Liquid < .25 poverty line	63.4%	75.0%	69.8%	18.2	-6.9	10.0
Liquid < $5000	68.4%	77.3%	74.2%	13.1	-4.0	8.5
>65 Years, Married						
NW < .25 poverty line	5.5%	5.7%	4.0%	3.1	-30.0	-27.8
[NW – HE] < .25 poverty line	16.3%	16.4%	12.8%	0.5	-22.0	-21.6
Liquid < .25 poverty line	17.4%	17.2%	19.1%	-0.9	11.0	10.1
Liquid < $5000	22.6%	19.5%	20.7%	-14.0	6.3	-8.5
>65 Years, Single Female						
NW < .25 poverty line	15.3%	16.8%	17.3%	10.0	2.9	13.1
[NW – HE] < .25 poverty line	28.0%	33.2%	30.3%	18.6	-8.7	8.3
Liquid < .25 poverty line	29.0%	38.4%	31.9%	32.1	-16.8	9.9
Liquid < $5000	41.7%	43.3%	39.9%	3.8	-7.9	-4.4
>65 Years, Single Male						
NW < .25 poverty line	21.1%	24.3%	13.1%	15.3	-46.0	-37.8
[NW – HE] < .25 poverty line	40.2%	26.6%	30.8%	-34.0	16.0	-23.4
Liquid < .25 poverty line	40.2%	24.6%	32.7%	-38.9	33.1	-18.7
Liquid < $5000	49.6%	36.6%	38.9%	-26.3	6.4	-21.6

Source: Authors' calculations based on the SCF for 1983, 1989, and 1998.

headed by a male. Rapid decreases in asset poverty are recorded for the 1980s, but by most measures these were reversed in the 1990s.

8. SUMMARY AND CONCLUSIONS

The patterns of asset poverty over the 1983–1998 period are both discouraging and confusing. They are discouraging because of the very high rates of asset poverty for the U.S. population, regardless of the definition used. Based on 1998 figures, one-fourth of households in the United States have insufficient net worth to enable them to get by for 3 months at a poverty-line level of living, and nearly one-half have liquid assets of less than $5,000.

These high levels of asset poverty for the entire population disguise even higher rates for various groups. Using a standard of *[NW – HE] < .25 poverty line*, the following list indicates asset poverty rates in 1998 for some of the groups with a high prevalence of families with few resources:

- Total 37%
- Blacks/Hispanics 61%
- Head aged less than 25 years 75%
- Head aged 25–34 years 60%
- Head with less than a high school degree 59%
- Renters 63%
- Young female heads with children 64%

The growth in asset poverty over time is also discouraging. Of the four asset poverty measures that we used, three indicated growth in the prevalence of asset poverty over the 1983–1998 period, ranging from 13 to 20 percent (*[NW – HE] < .25 poverty line* showed no change over this period).

The confusing part of the story concerns the pattern of growth in asset poverty over the two subperiods, 1983–1989 and 1989–1998. For the population as a whole, asset poverty did not change substantially during the 1980s, in spite of the recovery from a severe recession. However, during the peak-to-peak prosperity years from 1989 to 1998, asset poverty for the total population unexpectedly *increased* for three of the four measures.

When looking at several of the subgroups of the population, surprising twists are seen in the patterns of asset poverty change over the 1980s and 1990s. The following summarizes some of the most surprising of these twists using the *[NW – HE] < .25 poverty line* measure of asset poverty.

	Percentage Change 1983–1989	Percentage Change 1989–1998
Whites	-11	+15
Blacks/Hispanics	+6	-19
Less than high school degree	-3	+22
Some college	-13	+6
College graduate	-21	+36
Young families with children	-13	+7
Young female heads with children	+15	-17
Aged female heads	+19	-9

Source: Authors' calculations based on the SCF for 1983, 1989, and 1998.

For groups that are generally viewed as not vulnerable—whites, college educated, families with children—the recovery from the recession of the early 1980s resulted in reductions in asset poverty. However, for these same groups, the prosperity of the 1990s saw an unexpected *increase* in asset poverty.

The reverse pattern holds for groups generally viewed as vulnerable—blacks/Hispanics, female-headed families with children, and aged single women. In these cases, the Reagan recovery of the 1980s led to unexpected increases in asset poverty, while the peak-to-peak prosperity period of the 1990s witnessed sizable *reductions* in asset poverty.[11]

Explanation of these unexpected patterns is not obvious and awaits further investigation.

[11]The pattern for families headed by a person with less than a high school education does not follow this pattern. For these families, asset poverty fell during the recovery of the 1980s but rose substantially during the 1990s.

APPENDIX
Definitions

Net worth =	the gross value of owner-occupied housing
+	other real estate owned by the household
+	cash and demand deposits
+	time and savings deposits
+	certificates of deposit and money market accounts
+	government, corporate, and foreign bonds, and other financial securities
+	the cash surrender value of life insurance plans
+	the cash surrender value of pension plans, including IRAs, Keogh, 401(k)s
+	corporate stock and mutual funds
+	net equity in unincorporated businesses
+	equity in trust funds
	- mortgage debt
	- consumer debt, including auto loans and credit card balances
	- other debt

Liquid =	cash and demand deposits
+	time and savings deposits
+	certificates of deposit and money market accounts
+	government, corporate, and foreign bonds, and other financial securities
+	the cash surrender value of life insurance plans
+	corporate stock and mutual funds

References

Citro, Constance F., and Robert T. Michael, eds. 1995. *Measuring Poverty: A New Approach.* Washington, DC: National Academy Press.

Haveman, Robert, and Melissa Mullikin. 2001. "Alternative Measures of National Poverty: Perspectives and Assessment." In *Ethics, Poverty and Inequality and Reform in Social Security*, edited by E. Schokkaert. London: Ashgate Publishing.

Oliver, Melvin L., and Thomas M. Shapiro. 1997. *Black Wealth/White Wealth.* New York: Routledge Press.

Ruggles, Patricia. 1990. *Drawing the Line: Alternative Poverty Measures and Their Implications for Public Policy*. Washington, DC: Urban Institute Press.

Sen, Amartya. 1983. "Poor, Relatively Speaking." *Oxford Economic Papers* 35: 153–169.

Tobin, James. 1970. "Raising the Incomes of the Poor." In *Agenda for the Nation*, edited by K. Gordon. Washington, DC: Brookings Institution.

U.S. Census Bureau. 1999. "Experimental Poverty Measures 1990 to 1997." *Current Population Reports, P60-205*, June.

Wolff, Edward N. Forthcoming. "Recent Trends in Wealth Ownership, 1983–1998." In *Assets and the Disadvantaged: The Benefits of Spreading Asset Ownership*, edited by T. M. Shapiro and E. N. Wolff. New York: Russell Sage Foundation.