

Most people assume that America’s poverty statistics are derived from detailed studies of what it takes to live a healthy, minimally comfortable life. In fact, it’s much cruder than that. Back in 1964, a researcher at the Social Security Administration named Mollie Orshansky calculated the average cost of buying the Agriculture Department’s “economy” food plan – a modest but nutritionally adequate diet – for various size families, and then multiplied each number by three to create a “poverty threshold.” All the Census Bureau has done is to update the figures ever since is to multiply them by changes in the consumer price index.

Among other conceptual problems, the threshold number doesn’t account for regional cost differences, while the count of people living in poverty is distorted by undeclared income. Still, changes in the proportion of the population living below the threshold – or even within, say, 1.5 times the poverty line – probably do track actual changes in living standards for those at the bottom of the economic pecking order, roughly speaking. The dominant factor in changing poverty rates is unemployment. But there’s also been a squeeze linked to stagnant wages for unskilled workers.

YEAR	POVERTY THRESHOLD FAMILY OF FOUR (\$)	% BELOW THRESHOLD	% BELOW 1.5 TIMES THRESHOLD	UNEMPLOYMENT RATE
1980	8,414	14.4	24.3	7.1
1981	9,287	14.0	24.7	7.6
1982	9,862	15.0	25.5	9.7
1983	10,178	15.2	25.6	9.6
1984	10,609	14.4	24.3	7.5
1985	10,989	13.6	23.9	7.2
1986	11,203	14.0	23.9	7.0
1987	11,611	13.4	22.3	6.2
1988	12,092	13.0	22.2	5.5
1989	12,674	12.8	22.0	5.3
1990	13,359	13.5	22.7	5.6
1991	13,924	14.2	23.8	6.8
1992	14,335	14.8	24.5	7.5
1993	14,763	15.1	25.0	6.9
1994	15,141	14.5	24.3	6.1
1995	15,569	13.8	23.5	5.6
1996	16,036	13.7	23.4	5.4
1997	16,400	13.3	22.5	4.9
1998	16,660	12.7	21.5	4.5
1999	17,030	11.9	21.1	4.2
2000	17,604	11.3	20.2	4.0
2001	18,104	11.7	20.8	4.7
2002	18,392	12.1	21.4	5.8
2003	18,810	12.5	21.7	6.0
2004	19,311	12.7	21.6	5.5

SOURCES: U.S. Census and U.S. Department of Labor