STATEMENT OF ROBERT J. LAMPMAN, PROFESSOR OF ECONOMICS, UNIVERSITY OF WISCONSIN

Mr. LAMPMAN. Thank you.

I would like to enter my statement in the record and make some comments on it.

Representative GRIFFITHS. Without objection, we will certainly be pleased to put it in.

(Prepared statement of Professor Lampman follows:)

PREPARED STATEMENT OF PROFESSOR ROBERT J. LAMPMAN*

EXPANDING THE AMERICAN SYSTEM OF TRANSFERS TO DO MORE FOR THE POOR

In the postwar period, and in the last few years in particular, we have made considerable progress against poverty. By means of broad economic growth and full employment policies, selective labor market programs, and income maintenance efforts, the number of poor persons, as defined by the Social Security Administration, was reduced from 39 million in 1959 to 30 million in 1966, or from 22 to 15 percent of the population.[1] The poverty-income gap, that is, the difference between the money income of all poor households and what their money income would be if they were just over the poverty threshold, was $13.7 billion in 1959 and $11 billion in 1965. By projecting these trends, we can estimate that in 1969 about 26 million people (13 percent of all people) will be poor. In that year the poverty-income gap will be about $10 billion, or 1.2 percent of the expected gross national product.

THE ROLE OF TRANSFERS IN ANTIPOVERTY EFFORTS

This progress in terms of the poverty rate and the poverty-income gap is due in some part to vigorous development of the American system of transfers. This is our public and private means for providing both money income and goods and services to persons on a basis other than their current productive activity. The grand total of such transfers in 1964 was $97 billion, $57 billion of which was in the form of health, education and other services. The pre-transfer poor, who were 28 percent of the total population, received an estimated $38 billion worth of fringes and transfers, over half of which came to them in the form of social insurance and public assistance. In return they paid $8 billion in taxes and private contributions. Hence, they gained $30 billion; this meant that while the pre-transfer poor started with only 5 percent of factor income, they ended up with 11 percent of factor income plus fringes and transfers net of the transfer costs.[2] This is a good measure of the size (though not necessarily the effectiveness) of our antipoverty effort in 1964. (Note that this was before the passage of Medicare, the new Federal aid to education provisions, the Economic Opportunity Act, and the 1967 amendments to the Social Security Act.)

In 1964, money transfers of $40 billion lifted 8.5 percent of all families out of poverty. They reduced the pre-transfer poverty-income gap by $10 billion. These transfers were divided about equally between the poor and the non-poor; however, while they amounted to only 4 percent of the income of the non-poor,

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*Robert J. Lampman is professor of economics at the University of Wisconsin and a staff member of the Institute for Research on Poverty. This research was supported by funds granted to the Institute pursuant to the provisions of the Economic Opportunity Act of 1964. The paper is adapted from "Adding Guaranteed Income to the American System of Transfers," *Social Action*, November, 1967.

[1] Report of the Council of Economic Advisers, 1968, p. 130.

[2] See the author's chapter, "How Much Does the American System of Transfers Benefit the Poor?" in Leonard H. Goodman, ed., *Economic Progress and Social Welfare* (New York: Columbia University Press, 1966). Cf. Michael S. March, "Federal Programs for Human Resource Development," *Federal Programs for the Development of Human Resources*, a Compendium for the Joint Economic Committee, 90th Congress, Second Session (Washington: Government Printing Office, 1968), pp. 111–154.