

The Washington Post

Our book on poverty takes a wider view

May 30, 2023

In his May 26 letter to the editor, “Misunderstanding poverty,” which was a rebuttal to Mitch Daniels’s May 19 Friday Opinion essay, “What Americans keep getting wrong about poverty,” which was based on our book, “The Myth of American Inequality,” Robert Greenstein did not dispute that, using official government data to count all transfer payments, such as food stamps and refundable tax credits, as income, the official poverty rate falls to 2.5 percent. He did suggest that it is somehow illegitimate to count Medicare and Medicaid benefits as income. But because the government forces health-care providers to sell Medicaid and Medicare benefits to the government at much lower prices than what private purchasers pay, the cost of those benefits is significantly lower than what American families pay on average for private health insurance. Though it is certainly true that poor people cannot use their Medicaid benefits “to make ends meet,” workers who have to pay for private health insurance can’t use that money to “make ends meet,” either.

Mr. Greenstein switched from the official poverty rate, which we and Mr. Daniels were discussing, to a “supplemental” measure that counts some, but not all, government benefits omitted by the official measure and dramatically expands the number of Americans classified as being poor. The supplemental measure defines a subset of the bottom third of income recipients as poor so that if economic growth doubled everybody’s income, there would be no change in the number of poor people.

Phil Gramm, *Helotes, Tex.*

The writer, a Republican, represented Texas in the U.S. House and Senate. He is a former chairman of the Senate Banking Committee and a nonresident senior fellow at the American Enterprise Institute.

John Early, *Charleston, S.C.*

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