Martha J. Bailey and Sheldon Danziger

Many Americans live on the outskirts of hope – some because of their poverty, and some because of their color, and all too many because of both. Our task is to help replace their despair with opportunity.

This administration today, here and now, declares unconditional war on poverty in America. I urge this Congress and all Americans to join with me in that effort.

It will not be a short or easy struggle, no single weapon or strategy will suffice, but we shall not rest until that war is won. The richest Nation on earth can afford to win it. We cannot afford to lose it.

President Lyndon B. Johnson, State of the Union Address, January 8, 1964

n his first State of the Union Address, Lyndon B. Johnson declared an "unconditional war on poverty" that aimed "not only to relieve the symptom of pov-Lerty, but to cure it and, above all, to prevent it" (Johnson 1964a). Within several years, Johnson's sweeping legislative achievements transformed American schools and universities, employment and training programs, health insurance for the elderly (Medicare) and poor (Medicaid), and the nature and scope of the social safety net (for example, Food Stamps, now the Supplemental Nutrition Assistance Program [SNAP]; changes in Aid to Families with Dependent Children, now Temporary Assistance for Needy Families [TANF]; expansions of subsidized housing, and increased Social Security benefits [see table 1.1]). The 1964 Economic Opportunity Act created the Office of Economic Opportunity (OEO) to coordinate federal antipoverty initiatives and launched enduring programs such as Head Start, Job Corps, and Community Health Centers. All of these changes contributed to a more than tripling of real federal expenditures on health, education, employment and training, housing, and income transfers, as spending on these programs reached 15.1 percent of the federal budget by 1970 (Ginzberg and Solow 1974).

Less well known is that the War on Poverty is intertwined with the 1964 Civil Rights Act (CRA). The War on Poverty's "assault on discrimination" (Council of

Table 1.1 / War on P	'overtv's Maior	· Legislation and Events
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I ABLE 1.1 / War o	n Poverty's Major Legislation and Events				
November 22, 1963	President Kennedy assassinated; Vice President Lyndon B. Johnson assumes the U.S. Presidency				
January 8, 1964	President Johnson's State of the Union Address declares War on Poverty				
February 26, 1964	The Revenue Act of 1964 (P.L. 88-272) dramatically lowers individual income tax rates and slightly lowers corporate tax rates				
July 2, 1964	Civil Rights Act of 1964 (P.L. 88-352) signed into law by President Johnson				
August 20, 1964	The Economic Opportunity Act of 1964 (P.L. 88-452) created Community Action Agencies to coordinate local antipoverty efforts and funds programs such as Head Start, Job Corps, Community Health Centers, Upward Bound, the Work Experience Program, Neighborhood Youth Corps, Volunteers in Service to America (VISTA), Legal Services, and federal work study programs.				
August 31, 1964	The Food Stamp Act of 1964 (P.L. 88-525) creates a permanent, national program out of the food stamps pilot program begun in 1961				
November 3, 1964	Lyndon Johnson wins landslide victory in Presidential Election; Democrats win two-thirds majority in both the Senate and House — the most Democratic Congress since the New Deal				
April 11, 1965	The Elementary and Secondary Education Act of 1965 (P.L. 89-10) signed into law. Title I distributes funding to schools and districts with high percentages of students from low-income families				
April 26, 1965	The Manpower Act of 1965 (P.L. 89-15) expanded funding under the 1962 Manpower Development and Training Act to retrain displaced workers				
July 14, 1965	The Older Americans Act of 1965 (P.L. 89-73) provides for grants to help fund various support services such as caregiver support, nutritional services, and social services				
July 30, 1965	Medicare and Medicaid are signed into law as part of the 1965 Amendments to the Social Security Act (P.L. 89-97)				
August 6, 1965	The Voting Rights Act (P.L. 89-110) abolished literacy tests and other barriers used by state and local governments to disenfranchise voters (especially African Americans)				
August 10, 1965	The Housing and Urban Development Act (P.L. 89-117) created the Department of Housing and Urban Development				
November 8, 1965	The Higher Education Act of 1965 (P.L. 89-329) created federal loan programs including the Educational Opportunity Grant and Guaranteed Student Loan. It also created the college preparatory program, Talent Search.				
September 30, 1966	The 1966 Amendments to the Fair Labor Standards Acts increased minimum wage from \$1.25 to \$1.60 by 1968 and extended coverage to public schools, nursing homes, laundries, and construction and farm workers and large farms				

continued

Table 1.1 /	Continued
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October 11, 1966	The Child Nutrition Act of 1966 (P.L. 89–642) increased funding for school lunches and created a school breakfast program.		
	1 0		
November 3, 1966	The Demonstration Cities and Metropolitan Development Act (P.L.		
	89-754) initiated the Model Cities Program		
January 2, 1968	1967 Social Security Amendments (P.L. 90-248) dramatically		
	increased Social Security benefits, mandated work incentive programs for AFDC recipients		
April 11, 1968	Title VIII of the Civil Rights Act of 1968 (known as the Fair Housing		
	Act), prohibited discrimination in the sale, financing, or leasing of		
	housing		

Source: Authors' compilation.

Economic Advisers 1964) leveraged federal funds to push for desegregation. Iconic depictions of forced desegregation and heroic narratives of activism shape the collective memory of the 1960s. A less-remembered aspect of the War on Poverty is the Johnson administration's decision to withhold federal money in cases where local organizations failed to desegregate. The War on Poverty's expansion of federal funding gave the Johnson administration the ability to apply pressure to local governments and private organizations to reduce racial discrimination and segregation, making compliance with the CRA a pocketbook issue.<sup>1</sup>

The War on Poverty initiated a new era of direct federal involvement in schools, hospitals, labor markets, and neighborhoods. This involvement engendered considerable controversy but has left a large footprint on the conceptualization, design, and implementation of antipoverty, social, and health policies; American politics; racial inequalities; and social science research. The chapters in this volume document many of the War on Poverty's lasting legacies. Programs and policies enacted during this era influenced antipoverty legislation well into the 1970s when two major antipoverty programs, Supplemental Security Income (SSI) and the Earned Income Tax Credit (EITC), were enacted. This era's programs and policies continue to define the social and health safety net today.

The War on Poverty's expansive legislative changes have been compared with those of Franklin D. Roosevelt's New Deal. But whereas the New Deal was developed in response to high unemployment and the grave economic crisis of the Great Depression, the War on Poverty was launched during a long period of widely shared prosperity. Indeed, one of Johnson's rationales in declaring War on Poverty was that the country could afford to pay for the mission. In his annual message to Congress for the release of the *Economic Report of the President* on January 20, 1964, Johnson declared,

Americans today enjoy the highest standard of living in the history of mankind. But for nearly a fifth of our fellow citizens, this is a hollow achievement. . . . We cannot and need not wait for the gradual growth of the economy to lift this forgot-

ten fifth of our Nation above the poverty line. We know what must be done, and this Nation of abundance can surely afford to do it (Council of Economic Advisers 1964, 15).

No president since Johnson has placed fighting poverty at the top of his domestic policy agenda. And, as the chapters in this volume document, the nation's schools, universities, hospitals, labor markets and social and health safety net continue to reflect this transformational period.

Authored by economists, this volume's chapters analyze the economic legacies of the War on Poverty fifty years after its declaration—specifically, the era's policies and programs that were designed to promote more equal opportunities and increase income.

This volume makes the case that the often-heard conclusion that the War on Poverty was a "failure" is far too simplistic. Of course, poverty is still with us. Recent research by Bruce Meyer and James Sullivan (2012), however, shows that consumption-based measures of poverty, which they argue are superior for theoretical and practical reasons, have fallen by more than the official income-based measure. Several chapters document that poverty and economic hardship would have likely been much higher if the era's programs and policies had not been put in place or expanded. Another reason is that the War on Poverty was fought on many fronts, encompassed a diverse set of strategies, and affected outcomes other than income poverty rates. Its most well-documented successes are the rapid decline in elderly poverty and the provision of universal health-care coverage to the elderly. In addition, the chapters document some lesser-known long-term successes such as its powerful incentives to desegregate institutions and organizations receiving federal funding.

Other successes have recently emerged as scholars have used new developments in data collection and research methodology to reanalyze the effects of the era's programs. For instance, the effects of the War on Poverty's investments in preschool children through Head Start in the 1960s could not affect their educational attainment until many years later (Ludwig and Miller 2007). Similarly, the era's effects on racial discrimination and segregation did not unfold immediately, but gradually over decades as better access to education and health care and changing social norms contributed to greater earnings of African American workers. On the other hand, even though some of the era's employment and training programs generated earnings increases, their effects on employment and earnings were, in most cases, not large. As Medicare has extended health insurance to millions of the nation's elderly, it has also contributed to the rising costs of health care. Each chapter notes both the War on Poverty's failings and successes, many of which have been neglected or underappreciated.

Before we summarize the key findings of each chapter, we provide a brief history of the War on Poverty era, describe what the War on Poverty was, summarize the controversy over its legacies, and provide historical and economic context for interpreting its shorter and longer-term effects.

# ELIMINATING POVERTY AS A CENTERPIECE OF PRESIDENT JOHNSON'S DOMESTIC AGENDA

Poverty emerged as a highly visible social problem in the late 1950s and early 1960s (O'Connor 2001). Google books n-grams (figure 1.1) shows that mentions of *poverty* were lower in 1960 than in 1940, but began to rise in the early 1960s when prominent books, including John Kenneth Galbraith's 1958 *The Affluent Society* and Michael Harrington's 1962 *The Other America*, and popular articles by journalists catapulted the "poverty problem" to national prominence. Harrington wrote that the "other America" is "an invisible land," in part, because the federal government did not publish information on the extent of poverty at that time.

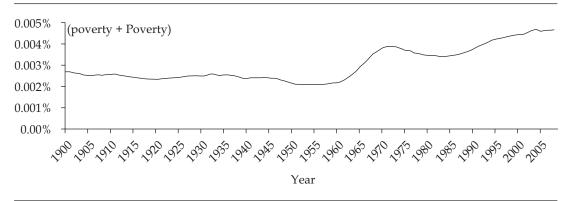
Robert Lampman (1959), one of the few economists conducting research on poverty in the 1950s, prepared a study for the Joint Economic Committee of the Congress analyzing the post–World War II decline in the percentage of families with incomes below \$3,000 per year, a measure used by the Council of Economic Advisers until the official poverty measure was adopted in 1965.<sup>2</sup> He documented that poverty had been declining since 1947, but that the rate of poverty decline had slowed after 1957. His analysis was reflected in the 1964 *Economic Report* of the President, which noted that "one fifth of our families and nearly one-fifth or our total population are poor" (Council of Economic Advisers 1964, 56).

Although there is disagreement among scholars regarding why Johnson chose the War on Poverty as a centerpiece of his domestic agenda, the facts are well known. After John F. Kennedy's assassination, Johnson was briefed on a range of issues that Kennedy had been considering. Arthur Schlesinger (1965), in his chronicle of the Kennedy administration, argues that Johnson continued what would have been Kennedy's poverty agenda. In contrast, Walter Heller, the chairman of Kennedy's Council of Economic Advisers (CEA), notes that only days before his assasination, Kennedy's thinking on the matter "had not gone beyond the vague concept of doing something that would focus specifically on the roots of poverty" (Heller 1970, 19–20).

In their first briefing, Heller recalls that Johnson immediately and unequivocally affirmed the poverty program: "That's my kind of program. I'll find money for it one way or another. If I have to, I'll take away money from things to get money for people. . . . Give it the highest priority. Push ahead full tilt" (1970, 21). Guian McKee (2011) notes that several weeks later Johnson was prepared to reject the entire antipoverty program as it was explained to him unless it were significantly expanded. Thus, in the seven weeks between Kennedy's assassination and Johnson's State of the Union Address, the War on Poverty evolved from a small, academic pilot of the CEA to an expansive program and the centerpiece of Johnson's domestic agenda.

Johnson's political or personal motivations are difficult to gauge. Using the volumes of oral histories, taped conversations, and archival documents, commentators and historians have pieced together competing, but not mutually exclusive, narratives of this era's political economy: how the War on Poverty evolved from

Figure 1.1 / Google Books N-Grams of Mentions of Poverty



Source: Authors' tabulations using http://books.google.com/ngrams.

the academic brainchild of the CEA into a controversial and enduring legacy of his presidency (see, for example, Gettleman and Mermelstein 1966; Levitan 1969; Ginzberg and Solow 1974; Davies 1996; Gillette 1996; Alston and Ferrie 1999; O'Connor 2001; Germany 2007; Orleck and Hazirjian 2011; Caro 2012).<sup>3</sup>

After Johnson's State of the Union declaration, he promoted the War on Poverty agenda in a public relations tour. In April 1964, he visited unemployed coal miner Tom Fletcher, his wife, and eight children who lived in Appalachia. The Fletchers had been chosen by the White House as the face of the hardworking Americans who lived in poverty. Johnson is said to have remarked to a reporter, "I don't know if I'll pass a single law or get a single dollar appropriated, but before I'm through, no community in America will be able to ignore poverty in its midst" (Jordan and Rostow 1986, 16). Indeed, Walter Bennett's iconic *Time* magazine photo of Johnson's chat with the Fletchers on their front porch (printed on the front of this volume) achieved just that.<sup>4</sup>

### WHAT WAS THE WAR ON POVERTY?

The War on Poverty — what it was and what it wasn't — has been defined and redefined by contemporaries, politicians, and social scientists. Some accounts define it as a single piece of legislation (for example, only the 1964 Economic Opportunity Act; Gillette 1996), and others primarily as the "welfare programs" (for example, Ronald Reagan's 1988 State of the Union Address or Charles Murray's 1984 Losing Ground).

Defining the War on Poverty is also complicated because of differences of opinion within the administration. Johnson is reported to have told Sargent Shriver, head of the OEO, "no doles," and to have rejected proposals both to expand welfare and to provide jobs for the long-term unemployed. Robert Haveman describes Johnson's strategy as being

premised on the view that the problem was ultimately one of low labor market productivity. The poor were viewed as being in that state because they did not work enough, or because [they] did not work hard enough, or because their meager skills and qualifications were insufficient to raise them out of poverty even if they did work hard. This condition was in turn attributed to several factors—the lagging state of the economy, the characteristics of the poor, and discrimination against them by those who controlled access to jobs or goods and services. . . . The remedy required overt policy measures by the federal government designed to improve the performance of the economy, the productivity characteristics of the poor, and the attitudes (or at least the behavior) of those who hired or sold to the poor. (1987, 14–15)

Nonetheless, within a few years, economists – including James Tobin, a member of Kennedy's CEA, and Robert Lampman (1971), the poverty staff expert for Heller's CEA – were advocating a negative income tax as a feasible policy to eliminate income poverty.<sup>5</sup> According to Lampman,

the elimination of income poverty is usefully thought of as a one-time operation in pursuit of a goal unique to this generation. That goal should be achieved before 1980, at which time the next generation will have set new economic and social goals, perhaps including a new distributional goal for themselves. (1971, 53)

This optimistic view assumed that poverty could be eliminated not only because government transfers could raise family incomes but also because it was expected that robust economic growth would continue to raise the employment and earnings of the poor along with those of other workers. This view was sensible at the time, as economic growth had lifted the earnings at the lower end of the skill distribution since the end of World War II.

This volume defines the War on Poverty as Johnson did: the full legislative agenda laid out in the 1964 State of the Union and in the eleven goals contained in chapter 2 of the 1964 Economic Report of the President, titled "Strategy against Poverty" (Council of Economic Advisers 1964, 73–77). These goals include maintaining high employment, accelerating economic growth, fighting discrimination, improving regional economies, rehabilitating urban and rural communities, improving labor markets, expanding educational opportunities, enlarging opportunities for youth, improving the Nation's health, promoting adult education and training, and assisting the aged and disabled. Henry Aaron summarized the administration's broad view of the War on Poverty as

part or all of such traditional programs as social security (old age, survivors and disability insurance), public assistance, veterans' benefits, public housing, urban renewal, Medicare, and Medicaid. It also included programs operating under the Manpower Development and Training Act and aid to poor school districts under the Elementary and Secondary Education Act of 1965.... Indeed, only a small part of total expenditures under the War on Poverty represented commitments by OEO. (1978, 27)

Many aspects of this agenda have been neglected by previous evaluations. The War on Poverty was more than a disparate set of programs. One of its unifying elements was prevention of economic hardship. An example is Medicare. Although Medicare is targeted to all of the elderly, not just the elderly poor, 6 Johnson stressed its capacity to prevent poverty. His 1964 State of the Union noted the need to "provide hospital insurance for our older citizens...to protect him in his old age . . . against the devastating hardship of prolonged or repeated illness." Johnson went on to say that "every American will benefit by the extension of social security to cover the hospital costs of their aged parents." That is, Medicare not only prevented financial ruin among the elderly —it also protected their adult children from having to pay for the costs of their parents' illness.

The War on Poverty's human capital programs, from Head Start to subsidizing access to higher education, and workforce development programs sought to increase workers' opportunities and increase their lifetime employment and earnings. Increased access to health care among the poor (Medicaid) sought to reduce the incidence of health problems and the related costs of attaining higher education, thereby also contributing to increased lifetime earnings. Rehabilitating neighborhoods and expanding income support and subsidized housing for poor families aimed to facilitate human capital investments among children and raise their longer-term earnings potential. Expanding income support for the elderly both raised their living standards and reduced the burden for their care on their adult children. These programs aimed to prevent poverty in both the short and the longer term.

Some scholars of the civil rights movement might argue that federal efforts on racial discrimination were distinct from the War on Poverty. But the 1964 State of the Union and Economic Report were also explicit about the "assault on discrimination." Johnson's State of the Union explicitly made this connection: "Let me make one principle of this administration abundantly clear: All of these increased opportunities – in employment, in education, in housing, and in every field – must be open to Americans of every color."

Echoing his lofty rhetoric calling for the elimination of poverty, he called for the abolition of "not some, but all racial discrimination" [emphasis added]. The Economic Report noted that fighting discrimination would "open additional exits from poverty" and that ending discrimination would require "business and labor, other private organizations and individuals, and all levels of government" to share in its removal. The report justifies its focus on ending racial discrimination both in terms of efficiency and equity goals:

The economic costs of discrimination to the total society are also large. By discrimination in employment the Nation denies itself the output of which the talents and training of the nonwhite population are already capable. By discrimination in education and environment, the Nation denies itself the potential talents of oneninth of its citizens. But the basic case against discrimination is not economic. It is that discrimination affronts human dignity. (Council of Economic Advisers 1964, 74)

After decades of failed attempts to pass effective civil rights legislation (Caro 2012), Johnson's political skills in persuading Congress to enact the 1964 Civil Rights Act altered the legal protections afforded to African Americans and other minorities in the labor market, in access to public facilities and government resources including health care, higher education, and housing.

On June 5, 1965, Johnson's commencement address at Howard University emphasized the challenges to achieving economic equality for African American families "buried under a blanket of history and circumstance." David Carter notes Johnson's frequent use of this metaphor: "It was like you couldn't pick up the blanket off a Negro at one corner, you had to pick it all up. . . . It had to be housing and it had to be jobs and . . . everything you could think of" (2009, 6).

In the Howard University address, Johnson spoke of civil rights as opening the "gates of opportunity" but insisted that more could be done so that "all our citizens... have the *ability* [emphasis added] to walk through those gates." Calling this "the next and the more profound stage of the battle for civil rights," Johnson championed the cause of "not just legal equity but human ability, not just equality as a right and a theory but equality as a fact and equality as a result." This logic represented a turn in Johnson's expression of what constituted equality — a shift from classical liberalism's focus on individual opportunity to his growing concern that the unequal "life chances" of millions of Americans rendered the promise of equal opportunity largely meaningless.

Johnson's commitment to this rhetoric is evident in his use of the federal purse to encourage racial integration. Key to federal power in this regard was its ability to withhold funds in cases where local organizations failed to desegregate. Douglas Almond, Kenneth Chay, and Michael Greenstone (forthcoming) show this policy had teeth. The threat that hospitals could lose Medicare reimbursements if they failed to comply with Title VI of the CRA catalyzed the desegregation of Southern hospitals. This, in turn, contributed to large reductions in black infant mortality rates. Elizabeth Cascio, Nora Gordon, Ethan Lewis, and Sarah Reber (2010) show that this policy affected southern schools as well. Districts with more federal money at stake under the 1965 Elementary and Secondary Education Act engaged in more school desegregation.

The Office of Economic Opportunity and other federal offices monitored compliance with the Civil Rights Act and threatened to withhold funding in response to violations. As the War on Poverty infused federal spending into communities across the country, these dollars encouraged reductions in de jure and de facto segregation in the delivery and distribution of services and resources. The War on Poverty's ideals of equal opportunity and equal access—whether racial or socioeconomic—were reinforced by the large financial incentives created by federal dollars for its programs.

Altogether, the War on Poverty was a grand policy experiment. An important conclusion of the volume is that the *combined* influence of its programs and policies was greater than the impact of any individual program. Many accounts fail to credit the War on Poverty with the broad expansion of the nation's human capital, health, housing, and income support programs. Many accounts fail to recognize

its connections to civil rights compliance and improvements in opportunities for minorities.

Even though the scope of this volume's treatment of the War on Poverty is broad, it still cannot do justice to the myriad ways the era affected the economy, social relations, and politics. Authored by economists, the volume's chapters evaluate the War on Poverty programs and policies that sought to promote economic opportunities, improve outcomes, and prevent poverty—those related to improving educational attainment, raising employment, earnings, and family incomes; improving the quality of housing; and promoting access to health care and health outcomes.

## A LEGACY OF CONTROVERSY

The controversial legacy of the War on Poverty poses a challenge to any evaluation. In the early years, political and public support for the program was significant. In 1965, OEO Director Sargent Shriver told Congress that "the most important and exciting thing about the War on Poverty" was "that all America is joining in . . . religious groups, professional groups, labor groups, civic and patriot groups are all rallying to the call" (Gettleman and Mermelstein 1967, 207). Similarly, the *New York Times* featured the "group of leaders" in "every city and community" who "believe this job can be done and who are helping." However, this enthusiasm for fighting poverty faded, particularly when public attention turned away from the War on Poverty to the Vietnam War and urban race riots. The longer-term legacies of the War on Poverty have been challenged by partisan and racial politics, disillusionment on the part of both the right and the left, and the backlash against federal authority.

From the outset, the use of federal funds to promote more equal opportunities for the poor and particularly African Americans generated strong resistance from state and local government officials in all regions of the country. Communities wanted federal money, but many objected to federal demands for equal access to services (for instance, access for African Americans) and for citizen involvement in the operation programs (for instance, potential beneficiaries of the programs).

The result was a number of widely publicized showdowns, as Shriver challenged high-profile politicians. For example, in 1965, the OEO authorized a grant to Louisiana to start an antipoverty program. When Governor John McKeithen announced the names of his program's appointees, opponents wrote to Washington that they were "rabid segregationists" (Haddad 1965, 48; Germany 2007, 49). Although Shriver did not have the power to select the appointees, he had the authority to withhold funds. In protest, McKeithen appealed to Congress, the president, and the vice president, and finally met Shriver in Washington. Ultimately, McKeithen lost this showdown and selected a new set of appointees. Only then did OEO money flow into Louisiana. Supporters on the left were gratified by Shriver's fearless exercise of power for the cause of greater racial integration.

The federal government's efforts were not always this successful. Another sym-

bolic political battle relates to the Child Development Group (CDG) of Mississippi, which obtained a grant to set up a Head Start program in rural Mississippi. After a promising start and a media bonanza for the administration, the CDG became one of OEO's most controversial and divisive grants. According to Carter, Mississippi's Governor Paul Johnson wrote the OEO an angry letter describing CDG as little more than a front for "extremists and agitators" seeking "to subvert legal authority in Mississippi and to create division and dissension between the races" (2009, 37). Carter also notes that CDG infuriated politicians and other white Mississippians because it threatened their economic control and offered a blueprint for desegregation in Mississippi's public schools. Carter quotes Tom Levin, one of the CDG's planners, as saying, "We were not disturbed by [the opposition of] Senator [John] Stennis. He showed good judgment in considering us a danger to the status quo in Mississippi. We were a danger" (40).

Nonetheless, Stennis was ultimately successful when, as chair of the Senate Appropriations Committee, he threatened to hold the president's other legislation hostage, including funding for the Vietnam War. "Acquiesing," the administration reduced CDG's funding and changed the controversial Head Start organization. Containing this political backlash on the right, thus, angered CDG supporters on the left.

The result is that the War on Poverty has been labeled a failure by both the right and the left of the political spectrum. Critics from the left argue that not enough money was spent on the poor and that the Johnson administration did too little to change the institutional practices of firms and labor markets. Ira Katznelson contends that the administration

stopped well short of attempts to reorganize and modify the marketplace. It entirely left alone the organization of work, the patterns of investment, and the role of the business class. It did not call into question either the larger contours and rationality of the American political economy or the tools, a version of Keynesianism, that had been elaborated over the course of a quarter-century to manage the macroeconomic issues of growth, employment, and inflation. If at the heart of the Great Society was a war on poverty, this was quite a timid call to arms, with the enemy identified circumspectly.

The most compelling characteristic of the Great Society was that it was a program of mainstream economists and technicians who conceded from the start the framework of ideas and practices of the larger political economy. It sought to correct inequities and problems on the margin of a thriving system of production and consumption. (1989, 198–99)

In contrast, critics from the right contend that the War on Poverty cultivated a "culture of dependency" by expanding entitlements that discouraged work, personal savings, and marriage.<sup>8</sup> They emphasize that the official poverty rate remains high even though substantial federal funds are spent each year on programs for low-income families. President Reagan invoked these ideas in his 1988 State of the Union address:

My friends, some years ago, the federal government declared war on poverty, and poverty won. Today, the federal government has 59 major welfare programs and spends more than \$100 billion a year on them. What has all this money done?

Too often it has only made poverty harder to escape. Federal welfare programs have created a massive social problem. With the best of intentions, government created a poverty trap that wreaks havoc on the very support system the poor need most to lift themselves out of poverty-the family. Dependency has become the one enduring heirloom, passed from one generation to the next, of too many fragmented families.

Academic evaluations were no more generous. Eli Ginzberg and Robert Solow concluded in their ten-year review that

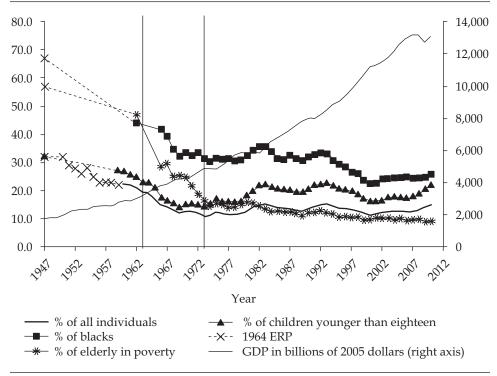
of the Great Society programs, the war on poverty is the most open to criticism. The promises were extreme; the specific remedial actions were untried and untested; the finances were grossly inadequate; the political restructuring was so vulnerable that it had to be radically reformed within a few years after the program was launched. (1974, 219)

James Patterson speculates that "perhaps no government program in modern American history promised so much more than it delivered" (2000, 147). Unlike the New Deal, the public remembers the War on Poverty as an expensive and unsuccessful battle. Patterson concludes that "more than any other program of Johnson's so-called Great Society, the war on poverty accentuated doubts about the capacity of social science to plan, and government to deliver, ambitious programs for social betterment" (147-48).

The persistence of high poverty rates according to the official poverty measure, as shown in figure 1.2, has fueled these critiques. Poverty rates were falling both before and after Johnson's declaration of War on Poverty. But, since the mid-1970s, poverty rates for all persons have fluctuated in a narrow range. In 2011, in the wake of the Great Recession, 46 million Americans, or 15.0 percent, lived in poverty, as did one in five children. The share of Americans living in poverty today is lower than the 19 percent of 1964, but higher than the 11.1 percent reached in 1973.

An important political legacy of the War on Poverty is the perception that federal antipoverty programs inhibit progress against poverty, rather than encourage it. The collective memory of the War on Poverty programs has also been colored by discontent with the Johnson administration. Johnson dropped out of the 1968 presidential campaign, primarily due to widespread discontent with the Vietnam War. Shortly after taking office in 1969, President Richard Nixon, with the help of his OEO director, Donald Rumsfeld, disbanded the OEO and transferred many of its popular programs to other agencies. Popular programs like Head Start, Medicare, the Civil and Voting Rights Acts, and federal funding for K-12 and higher education were rebranded as distinct from the War on Poverty. This volume reclaims Johnson's definition of the War on Poverty and reevaluates its legacies in longerterm perspective using a broad set of programs and outcome measures.

FIGURE 1.2 / U.S. Poverty Rates



*Source*: Authors' calculations based on U.S. Census Bureau (2012a, 2012b). Pre-1960 estimates are taken from the 1964 *Economic Report of the President*, chapter 2, table 3.

*Note:* Before 1959 (or the first solid line), estimates for poverty rates are the share of individuals in the group in households earning less than \$3,000 per year in 1960 dollars, roughly Mollie Orshansky's poverty line for a family of four. These numbers are not directly comparable to modern poverty lines. Ross, Danziger, and Smolensky (1987) estimate overall earnings poverty rate at 40.5 percent using 1950 census.

#### CHALLENGES TO PRIOR EVALUATIONS

One reason for the War on Poverty's controversial political legacy is the difficulty of measuring success. The most simplistic evaluations of the War on Poverty compare the official poverty rate today with the official poverty rate in 1964 and attribute changes in the poverty rate to the War on Poverty's programs and policies. As shown in figure 1.2, this comparison yields disappointing results. Researchers have long noted the inadequacy of the official rate. For instance, the official poverty measure is based only on money income before taxes and thus misses important changes in federal in-kind programs, such as food stamps or housing assistance, and changes in the tax code, such as the earned income tax credit.<sup>9</sup>

Recent research demonstrates that these concerns are important. Meyer and Sullivan (2012) compute a consumption-based measure of poverty, which includes gains in material resources accruing from changes in the tax code and War on Poverty programs or their outgrowths, such as the food stamps, housing benefits, in-kind transfers and the Earned Income Tax Credit. This measure shows a 26 percentage point decline from 1960 to 2010, just over two-thirds of the drop occurring before 1980. This leads the authors to conclude that antipoverty programs have been much more successful than previously believed.

Another challenge to evaluating the War on Poverty's effects on poverty relates to fundamental shifts in the economy, in the demographic composition of the population, and in social norms and in institutions over the past fifty years. Many of these factors have been poverty-increasing, independent of any effects of antipoverty programs (Cancian and Danziger 2009).

One important factor has been the slowdown and periodic reversal in earnings growth over the past four decades at the bottom end of the skill distribution. After the early 1970s, the rising tide of economic growth no longer lifted all boats. Figure 1.3 illustrates this trend by depicting the growth in the real hourly wages of full-time, full-year men from 1949 to 2009 for different percentiles in the wage earnings distribution (see data appendix for details on these computations). Each line depicts the change in earnings for the relevant period. In the decade from 1949 to 1959, real hourly wages increased by roughly 7 percent at the 10th percentile but by 13 percent at the 90th percentile. In the first decade of the War on Poverty, the series depicted by the line labeled 1963 to 1973, hourly wages increased even faster at the 10th percentile and growth at the 90th percentile remained steady. Thus, from 1949 to 1973, real wages grew rapidly at both the top and bottom of the wage distribution.

After the early 1970s, however, wage growth slowed dramatically. <sup>10</sup> For workers in the bottom half of the distribution, hourly wages fell from 1973 to 1993 by as much as 4 percent per decade at the 10th percentile. Over the same period, hourly wage growth for those at the 75th and 90th percentiles slowed to 1 to 2 percent per decade. Although earnings for workers across the wage distribution rose by 5 to 8 percent in the economic boom of the 1990s, they remained below the levels achieved in the early 1970s. The first decade of the twenty-first century again shows almost no wage gains and slight losses in the lower end of the income distribution. <sup>11</sup>

The fact that each of the lines is positively sloped with respect to percentile in the wage distribution indicates that wage inequality rose. Wages at the top percentiles increased more rapidly than wages at the bottom. In addition, that the lines for the 1970s and 1980s are significantly below those for the 1950s and 1960s highlights the slowdown in wage growth in the decades after the War on Poverty began. These trends worked counter to the optimism of Tobin, Lampman (1971), and other CEA economists, who expected that economic growth would continue to be widely shared by all workers, including the less skilled.

After the early 1970s, economic growth was no longer raising the wages of less-skilled workers as it had in the 1960s, and the rapid decline in poverty rates came

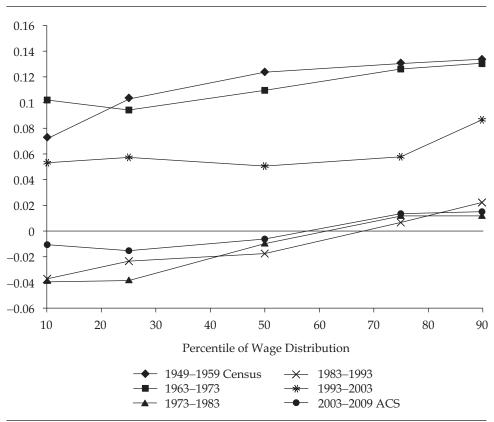


FIGURE 1.3 / Changes in Hourly Wage Earnings Among Full-Time Men at Various Percentiles in the Distribution

*Source:* All calculations from the March Current Population Surveys (1963–2003) except for the 1949 to 1959 series, which is from the decennial census, and the 2003 to 2009 series, which is from the American Community Survey.

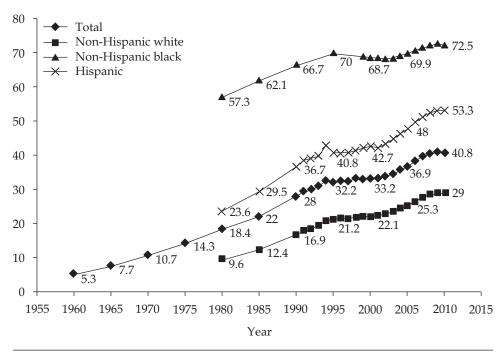
Note: See text and data appendix for detailed notes on the construction of series

to an end. Since the 1970s, economic growth has tended to benefit the most-educated and highest earners. Both the slowing rate of overall earnings growth and the periodic contraction of wages for the lowest earners tended to increase poverty rates, all else equal.

Countervailing demographic and institutional changes also worked against attempts to reduce poverty and to increase children's economic opportunities. Slow earnings growth in the lower end of the skill distribution has coincided with the growth in male incarceration rates; the rise in nonmarital childbearing; and the growth of female-headed households.

After remaining fairly stable from 1925 to 1975, male incarceration rates more than quadrupled from 1975 to 2004. Steven Raphael and Michael Stoll (2009) con-

FIGURE 1.4 / Nonmarital Births as a Percentage of All Births



*Source:* Authors' calculations drawn from various publications of the National Center for Health Statistics. See data appendix for details.

clude that the causes of these trends are changes in public policies relating to sentencing and punishment—not changes in underlying criminal behavior. These changes began almost a decade after the War on Poverty and have contributed to reductions in the employment and earnings of the increasing numbers of exoffenders, because many employers are reluctant to hire them (Holzer 2009). This trend tends to increase poverty, as removing workers from the labor market reduces their human capital and removing breadwinners from poor families reduces family resources.

Figure 1.4 shows that nonmarital childbearing increased almost linearly from 1960 to 2010—including the five years before the War on Poverty began. Although the rates of nonmarital childbearing are higher among African American women, the trends have been similar across racial-ethnic groups. The causes of these trends are multifaceted. But, it is difficult to argue that they were caused or even jump-started by the War on Poverty (Murray 1984, 2012). Analyses by Robert Moffitt (1998) and David Ellwood and Christopher Jencks (2004) conclude that only a small fraction of the overall increase is explained by changes in the generosity of welfare programs.

Together, increased incarceration and nonmarital childbearing, along with the

Table 1.2 / Characteristics of the Non-Elderly Poor

	1960 Census		2010 Census		2011 ACS	
	Poor	All	Poor	All	Poor	All
	persons	persons	persons	persons	persons	persons
Age less than eighteen	0.510	0.403	0.383	0.282	0.379	0.279
Male	0.468	0.490	0.459	0.496	0.459	0.497
Female	0.532	0.510	0.541	0.504	0.541	0.503
Black	0.288	0.108	0.222	0.129	0.219	0.129
Hispanic	0.064	0.034	0.278	0.179	0.285	0.182
White	0.635	0.849	0.427	0.614	0.420	0.609
Native-born	0.965	0.954	0.831	0.855	0.829	0.854
Immigrant	0.035	0.046	0.169	0.145	0.171	0.146
Head married	0.767	0.879	0.324	0.628	0.322	0.622
Head single with children	0.149	0.066	0.386	0.189	0.388	0.193
Head single no children	0.084	0.056	0.291	0.184	0.291	0.185
Head education less than high						
school	0.801	0.572	0.274	0.120	0.271	0.117
Head worked in previous year	0.301	0.442	0.306	0.565	0.304	0.563

*Source*: Authors' calculations based on 1960 Census 1% Sample, 2010 ACS Sample, and 2011 ACS Sample, and Ruggles et al. (2010).

*Note:* The numbers represent the fraction of individuals with particular characteristics among the non-elderly poor or all non-elderly. Age, ethnicity, and immigrant status are assigned based on individual characteristics. Family composition, education, and employment are assigned based on characteristics of the family head. For the primary family in each household, family head is the head of household. For secondary families, the oldest adult is considered the family head. For secondary families with no adult members, family head is assumed to be the head of household. Individuals are considered non-elderly if they are sixty-four or younger. Excludes institutional inmates.

rise in divorce rates and the growth in women's earnings power, have increased the share of all children living in female-headed households. Sara McLanahan (2004) concludes that these forces have resulted in "diverging destinies" for poor children, as growing income inequality and changing family structure have reduced children's current economic resources and future opportunities.

These changes (and others) have combined to change both the composition of the population and the face of America's poor. Table 1.2 shows that today's non-elderly poor, compared with 1960, are increasingly Latino, foreign born, and single-household heads with children. In 1960, more than 50 percent of the non-elderly poor were children, whereas that number fell to 38 percent in 2010 and 2011. In 1960, 64 percent of the non-elderly poor were white, whereas today only 42 percent are. Similarly, the share of non-elderly poor who are black also fell. In contrast, the share of the non-elderly poor who are Latino or foreign born rose dramatically. In 1960, 77 percent of the non-elderly poor were married and only 15 percent were single with children. In 2010 and 2011, only 32 percent of the non-elderly poor were married and 39 percent were single heads with children. Finally, the percentage of non-elderly poor who had less than a high school degree decreased from 80 to 27 percent from 1960 to 2011.

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An important objective of this volume is therefore to understand the extent to which the poverty rates—and other dimensions of Americans' material hardship—have been reduced by War on Poverty policies and programs in a context where economic, demographic, and other countervailing forces contributed to higher poverty rates.

#### A FIFTY-YEAR RETROSPECTIVE

This volume reviews the legacies of the War on Poverty's major human capital, income support, housing, and medical care policies and programs. Each chapter seeks to understand the extent to which the War on Poverty's investments have paid off or have fallen short. Each chapter also seeks to understand how the War on Poverty changed the well-being of individuals and changed how institutions operate.

The volume's critical reappraisal takes advantage of the longer-term perspective afforded by fifty years of hindsight. The human capital and health programs of the War on Poverty represent a long-term investment which aimed "not only to relieve the symptom of poverty but to cure it, and above all to prevent it." The early retrospectives, such as those by Ginzberg and Solow (1974), Haveman (1977), and Aaron (1978), could not assess the era's long-term effects.

The reappraisal also benefits from the availability of newly released data and improvements in research design. These developments have allowed researchers to better account for the positive and negative effects of economic, demographic, and social forces and, consequently, to provide more precise estimates of some previously unmeasured effects of War on Poverty programs. Each chapter highlights these studies and discusses how social scientists' understanding of the era has evolved since the early 1970s.

The volume is organized into three sections, each of which addresses one major area of War on Poverty programs and policies. We briefly review each chapter and highlight both how much the War on Poverty has accomplished and also how much remains to be done if we are to fulfill the expansive goals that President Johnson set out in 1964.

## PART I: INCREASING HUMAN CAPITAL, EMPLOYMENT, AND EARNINGS

If children of poor families can be given skills and motivation, they will not become poor adults. Too many young people are today condemned to grossly inadequate schools and instruction. Many communities lack resources for developing adequate schools or attracting teachers of high quality. . . .

The school must play a larger role in the development of poor youngsters if they are to have, in fact, "equal opportunity." This often means that schooling must start on a preschool basis

and include a broad range of more intensive services (Council of Economic Advisers 1964, 75–76).

The four chapters in part I focus on the primary goal of the War on Poverty – expanding opportunities to raise educational attainment and job skills to reduce poverty through increased employment and earnings. This section begins with Chloe Gibbs, Jens Ludwig, and Douglas Miller's chapter 2 review of the record of Head Start, a program that has provided early education and health services to low-income preschoolers since the summer of 1965. Although the program was popular with the public from the outset, the authors document how researchers have struggled to resolve persistent questions about the program's effects on participants. They note that even though Head Start's impacts on test scores erode in the short term, the program has persistent, longer-term effects for participants. However, they caution against evaluating Head Start solely on the basis of students' test scores, because the program also affects noncognitive skills, such as motivation and attitudes, that contribute to longer-term educational achievement and earnings growth. For example, Jens Ludwig and Douglas Miller (2007) find that a 50 to 100 percent increase in Head Start funding is associated with an increase in schooling attainment of about one-half year and a 15 percent increase in the likelihood that participants attend some college. The authors acknowledge that the Head Start program could be improved, but conclude that it can "rightfully be considered a success for much of the past fifty years."

Chapter 3, by Elizabeth Cascio and Sarah Reber, evaluates the effects of Title I of the 1965 Elementary and Secondary Education Act (ESEA), which sharply increased federal funding for K-12 education. Not only were Title I funds explicitly directed toward poorer districts, receipt also required school districts to desegregate their schools to some extent. Using newly collected data, the authors demonstrate that Title I dramatically changed the relationship between poverty and school funding and reduced the gaps in per pupil school spending between poorer and richer states. They also evaluate the relationship between increased Title I funding and school desegregation and report that, by 1966, Title I had prompted many southern school districts to take their first steps toward desegregation. Nonetheless, in the early years, only a small percentage of black students moved to previously all-white schools.

President Nixon ended enforcement of the fund-withholding provisions of the Civil Rights Act, but desegregation efforts were continued by the courts. Several recent studies have found that increased federal funding and school integration are both associated with improved educational and labor market outcomes among blacks (Guryan 2004; Ashenfelter, Collins, and Yoon 2006; Reber 2010; Johnson 2011). Cascio and Reber conclude that the "good news is that gaps—at least between richer and poorer states—in both inputs and outputs have declined dramatically since the War on Poverty began. The bad news is that they are both still quite large."

Chapter 4, by Bridget Terry Long, examines the War on Poverty's policies and programs to make higher education more accessible for those who could not af-

ford it. The Johnson administration dramatically increased federal spending on student aid and transformed the postsecondary financial aid system. New programs included Educational Opportunity Grants, a needs-based program that was the precursor to the Pell grant; the Guaranteed Student Loan Program, which allow students to apply for federally guaranteed private loans; an expansion of federally subsidized loans; and the work study program. Recognizing that financial aid might not be enough to promote access of the disadvantaged to college, War on Poverty programs such as Upward Bound aimed to enhance academic preparation for college among lower income and minority students. These programs continue to operate today.

Long documents that Pell grants have grown substantially since the early 1970s—about 40 percent of all college students receive them today. But she also documents how four-year college costs have increased more rapidly than expected over the last thirty years. Additionally, because the maximum Pell grant has not kept up with either general inflation or the costs of higher education, students have increasingly relied on federally subsidized public and private loans to fill the growing gap between college costs and grants. The increased net cost of college attendance for students from low-income families has been one factor that has prevented them from increasing their college going as rapidly as students from high-income families. Thus, even though the War on Poverty programs have greatly increased access for lower income and minority students over the past fifty years, large disparities in college attendance and completion by income and race-ethnicity remain.

The War on Poverty also sought to increase employment and earnings by expanding job training programs for out-of-school youth and adults. Workforce development was a core component of the 1964 Economic Report, which presciently noted that "in an economy characterized by continual technological advance, many adults will not be able to earn incomes above the poverty line without new skills and training" (Council of Economic Advisers 1964, 76). Chapter 5, by Harry J. Holzer, examines the evolution of workforce development programs and the extent to which they have raised the employment and earnings of the disadvantaged. He documents the rapid increase in federal spending on employment and training programs in the post–War on Poverty decade. However, after 1980, inflation-adjusted federal spending on workforce development programs declined dramatically.

The nature of these programs has also evolved considerably in the last fifty years, and an extensive evaluation literature has documented their effects. Holzer notes that most studies conclude that even though the benefits of many programs exceed their costs, few have generated large enough increases in educational attainment, employment and earnings to have a significant effect on poverty. He also notes how extensive changes in the labor market in recent decades—labor-saving technological changes, globalization, rising incarceration rates—have made it much more difficult for programs for the disadvantaged to help participants find jobs that pay enough for them to escape poverty.

Holzer concludes that one size does not fit all in terms of program effectiveness.

Programs that are effective for women have often not worked for men, and those that have been effective for adults and youth with relatively strong basic skills and work experience are often not effective for the hardest to employ. He also notes that sectoral programs, which combine skill certification in jobs for which there is high employer demand with additional support services, have shown promise. Nevertheless, because these programs may not meet the needs of the most disadvantaged workers, he concludes with suggestions for promising workforce development programs.

## PART II: RAISING INCOMES AND LIVING STANDARDS

The War on Poverty's core strategy for eliminating poverty emphasized increasing human capital to raise the labor market productivity of the poor. One reason that poverty was high, according to Johnson's economic advisers, was that the poor's skills were insufficient to generate higher earnings, even if they worked hard. To complement the human capital and job training programs, Johnson pledged in two addresses to Congress "to assure all citizens of decent living standards regardless of economic reverses or the vicissitudes of human life and health" (1964a). In a later address, he mentioned some of the programs that are the focus of the chapters in part II: "programs to protect those who are especially vulnerable to the ravages of poverty . . . a food stamp program for the needy, coverage for millions not now protected by a minimum wage, new and expanded unemployment benefits for men out of work, a Housing and Community Development bill for those seeking decent homes" (1964b).

Even though Johnson's stated goal was to provide a "hand up" and not a "hand out," some members of his CEA and administrators within the OEO soon emphasized increasing income transfers for the poor. In particular, the rapid growth in caseloads and benefits under Aid to Families with Dependent Children (AFDC) became the focus of intense debate about antipoverty policies. The three papers in part II focus on programs designed to raise the incomes, consumption, living standards, and housing conditions of the poor.

Chapter 6, by Jane Waldfogel, summarizes the evolution of the cash and near-cash safety net for families with children. She begins by reviewing the expansion of Food Stamps (renamed the Supplemental Nutrition Assistance Program in 2008) and the 1966 Child Nutrition Act. She also discusses major cash assistance programs (AFDC and SSI) and the introduction in 1975 and subsequent evolution of the Earned Income Tax Credit (EITC) and child-care subsidies.

Waldfogel emphasizes that the War on Poverty's most enduring imprints on the nation's safety net are its expansion of food and nutrition programs for low-income families with children. She notes that, in comparison with the cash welfare programs, these programs have proven fairly resilient to political pressures and backlash. They have also achieved a solid track record in terms of reducing poverty and food insecurity, improving nutrition, and yielding benefits for child health and development, which may in turn lead to future reductions in poverty.

She also notes that the legacy of the War on Poverty in terms of cash welfare is more problematic. One year into the War on Poverty, Johnson and his key administrators, although favoring opportunities over handouts, were already discussing the need for a guaranteed minimum income for low-income families with children. For low-income families with disabled children, the SSI program meets this goal. For other low-income families, the Johnson-era proposals never came to fruition. Waldfogel notes that the United States is exceptional in this regard with respect to other industrialized countries. She concludes that child poverty, according to the official poverty statistics is lower today than it was fifty years ago (20 percent versus 27 percent) and racial gaps are smaller (the African American poverty rate is twice that of whites today, versus three times as high in 1959), but winning the war on poverty remains an unfulfilled vision.

One of the most successful legacies of the War on Poverty era is the dramatic decline in the official poverty rate of the elderly. In the mid-1960s, the poverty rate for persons over sixty-five was roughly twice that for adults between eighteen and sixty-four. Today, the poverty rate among the elderly is lower than the rate for adults. In chapter 7, Kathleen McGarry reviews the evolution of the social safety net for the elderly and documents how new legislation and expansions of Social Security benefits contributed to this development. These include the enactment of the Older Americans Act of 1965, several congressional actions that substantially increased Social Security benefit levels and then indexed them to inflation, and the passage in 1974 of the federal Supplemental Security Income (SSI) program that provides the elderly poor and the blind and disabled with a guaranteed annual income. SSI replaced less-generous state Old Age Assistance programs and greatly expanded the access of the poor elderly, particularly in southern states, to public benefits.

Despite the rapid decline in poverty among all groups of elderly persons, Mc-Garry documents great remaining disparities in poverty rates among the elderly, particularly widows and African Americans. She also notes that the low-income elderly spend a substantial share of their income on medical expenses not covered by Medicare and Medicaid. The supplemental poverty measure (SPM), unlike the official poverty measure, subtracts these out-of-pocket medical expenditures from income, thereby raising their SPM poverty rate to roughly the same level as that of the non-elderly. Nonetheless, McGarry concludes that the War on Poverty has been a great success for the elderly.

Another legacy of the War on Poverty is its impact on housing. In chapter 8, Edgar O. Olsen and Jens Ludwig note that the War on Poverty's housing initiatives were designed to increase the stock of low-income housing, improve its quality, and reduce the economic and racial segregation of low-income families. About half of all public housing units were authorized during or shortly after the Johnson administration. Notably, a 1965 amendment to the Housing Act of 1937 for the first time allowed public housing authorities to pay a portion of the rent of the poor in private units that met minimum housing standards—a program that evolved into what is now called the Section 8 Housing Voucher Program.

A lasting, and underappreciated legacy of the War on Poverty, according to Olsen and Ludwig, is a substantial increase in the number of households receiving housing assistance. As is true for Food Stamps and the EITC, housing assistance is not counted in the official poverty measure, but it is counted in the SPM. Another legacy is the shift in policy away from the construction of public housing units toward the use of housing vouchers, which have improved the efficiency of housing assistance by lowering costs per participant and allowing a greater number of families to be served with a given budget.

Another important legacy of the era's housing policies is its interaction with the provisions of the Civil Rights Act, which contributed to reductions in racial residential segregation. Aside from these successes, however, they note that the effects of housing policies on factors that were expected to result from improved housing quality and reduced residential segregation, like better educational and employment outcomes, have been understudied and remain unknown.

## PART III: IMPROVING ACCESS TO MEDICAL CARE AND HEALTH

The poor receive inadequate medical care, from birth to old age. Additionally, poverty is perpetuated by poor health, malnutrition, and chronic disabilities: Many aged persons are confronted by medical needs beyond their financial means. Passage of the program to provide hospital insurance for the aged under the social security system is an urgent immediate step (Council of Economic Advisers 1964, 76).

The two chapters in part III address the War on Poverty goal that has consumed an ever-increasing share of the federal budget over the past fifty years: increasing access to medical care and improving the nation's health. If the War on Poverty's legacy is measured in terms of spending or coverage, Medicare and Medicaid stand out. For example, in 2011, about one-third of all Americans were covered by either Medicare or Medicaid—this includes almost everyone sixty-five or older and almost two-thirds of children. Chapter 9 focuses on the effects of health programs for non-elderly adults and children, and chapter 10 addresses their effects on the elderly. Both chapters document that even though the poor today are still less likely to have access to medical care and are more likely to have health problems than the affluent, these disparities are much narrower than they were before the War on Poverty was declared.

Chapter 9, by Barbara Wolfe, describes the legacy of the War on Poverty with respect to access to medical care and improved health among non-elderly adults and children. This era's reforms significantly expanded the provision of medical services (the supply side) and also increased the ability of households to pay for these services (the demand side); they continue to define the medical safety net today.

On the supply side, neighborhood health centers, known today as community

health centers (CHCs) or federally qualified health centers (FQHCs), were first funded under the 1964 Economic Opportunity Act to increase the convenience and availability of subsidized medical care for underserved populations. Today, these centers serve about 20 million patients and are slated to double their capacity to 40 million under the 2010 Patient Protection and Affordable Care Act (ACA).

On the demand side, Medicaid, which is funded jointly by the states and the federal government, was and has remained the primary program to extend health insurance to poor families and provide long-term or nursing home care to seniors. Today, Medicaid serves around 60 million people, including children, pregnant women, people with disabilities and chronic health problems, and low-income seniors. Combined with recent initiatives, such as the 1997 Child Health Insurance Program (CHIP) that extended health insurance coverage to low-income children who do not qualify for Medicaid, the percentage of children who are uninsured has fallen relative to the percentage of adults who are uninsured. In 2011, 9.4 percent of all children were uninsured, compared with 21 percent of adults between thirty-five and forty-four.

These programs, Wolfe concludes, have contributed to large reductions in infant mortality and increased life expectancy, in part because the Johnson administration demanded that, to receive federal funds, hospitals desegregate. Nonetheless, large disparities remain in health outcomes between the poor and the nonpoor. Wolfe notes that in 2010, the poor remain more than twice as likely to be uninsured as the nonpoor, 29 versus 13 percent. Her chapter concludes by drawing lessons from the War on Poverty era for the implementation of the 2010 ACA.

Chapter 10, by Katherine Swartz, documents the legacy of the War on Poverty's health programs for the elderly. Primary among these is Medicare, which has provided health insurance coverage to all individuals sixty-five and older since 1966. Part A (hospital insurance) is financed primarily by the payroll tax, and Part B (physician services) by monthly premiums paid by the elderly and general federal revenues. For the elderly poor, Medicaid covers part B payments and plays an important role in funding long-term care services, both in nursing homes and in the homes of the elderly.

Both programs redefined the health and financial risks facing the (poor and non-poor) elderly in the 1960s, and they continue to do so today. Both decrease the risk of financial ruin for the elderly due to the high costs of medical care, and both decrease the risk that the elderly would not be able to afford the medical care they needed. As a result, all of the elderly now have health insurance, versus only about half in the mid-1960s, and health insurance for the elderly is no longer linked to employment. Thus, Medicare has facilitated retirement without the loss of health insurance. More controversial is that the higher-income and better-educated elderly are more likely than others to receive medical procedures that improve the quality of their life. As rising health-care costs have strained federal coffers, the share of Medicare benefits going to the high-income elderly have made the financing of Medicare increasingly contentious.

Swartz concludes that Medicare created large benefits for the country as a

whole. The program was a significant factor in the racial integration of hospitals. Its funding fostered the development of medical treatment options, some of which have increased life expectancy and improved the quality of life for the elderly and non-elderly. Medicare, as the largest single payer of health care, has also facilitated the implementation of new initiatives for delivering medical care including improvements in quality and record keeping and reductions in waste. But these benefits have come at a high budgetary cost. An important lesson from the War on Poverty era is that the increased coverage for medical treatments may have the unintended consequences of increasing medical costs for all Americans, not just the elderly. Swartz concludes with a discussion of options for slowing the growth of medical costs and restructuring the financing of Medicare and Medicaid.

### CONCLUSION

This volume offers a fifty-year retrospective on many of the legacies of the War on Poverty, noting many remarkable and underappreciated successes. The chapters also note policy missteps, implementation failures, and the often unanticipated consequences of federal initiatives. They offer lessons for reforming existing programs and suggest new antipoverty initiatives.

Perhaps the greatest failure of the War on Poverty planners was their inability to predict fundamental changes in the economy that lowered employment and distributed the gains from economic growth unevenly. Since the 1970s, unemployment rates have rarely fallen below 5 percent and earnings growth has been slow at the bottom of the skill distribution. If economic growth had continued to lift the incomes of less-skilled workers at the same rate as in the two decades before the War on Poverty began, poverty rates would be much lower today (Danziger and Gottschalk 1995; Danziger 2007). Understanding these broader economic changes is important for understanding the War on Poverty's legacies. Many of the era's programs and policies significantly reduced poverty and increased opportunities, even if they were not large enough to offset the increases in poverty due to other economic and demographic changes. Another success relates to civil rights. By making funding contingent on compliance with the Civil Rights Act, the Johnson administration used the power of the federal purse to foster racial integration and reduce racial inequalities in opportunities in schools, hospitals, the labor market and housing.

These successes do not constitute a defense of the status quo. As the chapters highlight, many programs could be better targeted, made more efficient, and be better implemented. A good deal of learning about antipoverty policies and programs has occurred since Johnson launched his grand experiment. Fifty years after the War on Poverty's declaration, the war has not been won, but poverty rates are lower today than they would have been had the War on Poverty never been declared. Nonetheless, poverty and racial inequalities remain pressing social problems and Johnson's vision of the "elimination of poverty" remains unfulfilled.

## DATA APPENDIX

Processing of the March Current Population Survey Data The Current Population Survey (CPS) datasets for the earnings analyses are available at http://economics .mit.edu/faculty/dautor/data/autkatkear08 (accessed August 15, 2012). David Autor, Lawrence Katz, and Melissa Kearney (2008) used the March CPS for 1964 to 2007 – covering earnings years 1963 to 2006 – for workers age sixteen to sixty-four with up to thirty-nine years of potential experience whose class of work in their longest job during the earnings year was either private or government employment. As in their analysis, we limit our sample to full-time, full-year men, defined as those who work at least thirty-five hours per week (using the full-time worker flag) and forty-plus weeks in the prior year. Full-time hourly earnings for wagesalary workers are calculated as the annual earnings divided by the product of weeks worked and usual hours worked per week. Allocated earnings observations are excluded after (sample year) 1966 using family earnings allocation flags (1964 to 1975) or individual earnings allocation flags (1976 forward), except where allocation flags are unavailable. Workers earning below \$1.675 per hour in 1982 dollars are dropped. Hourly wages exceeding 1/1400th of the top-coded value of total labor earnings are recoded to be equal to this cutoff.

Following Autor, Katz, and Kearney, we use the following weights. Full-time hourly earnings are weighted by the product of the CPS sampling weight, weeks worked, and usual hours worked per week in the prior year.

Following Autor, Katz, and Kearney, we adjust as follows for top-coding. Before the March 1988 CPS, all wage and salary income was reported in a single variable, which was top-coded at values between \$50,000 and \$99,999 in years 1964 to 1987. For these cases, we multiply the top-coded earnings value by 1.5. Commencing in 1989, wage and salary incomes were collected in two separate earnings variables, corresponding to primary and secondary labor earnings. After adjusting for topcoding, we sum these values to calculate total wage and salary earnings. Starting in 1988, top-codes are handled as follows. For the primary earnings variable, topcoded values are reported at the top-code maximum up to 1995. We multiply these values by 1.5. Starting in 1996, top-coded primary earnings values are assigned the mean of all top-coded earners. In these cases, we reassign the top-coded value and, again, multiply by 1.5. For the secondary earnings value, the top-coded maximum is set at \$90,000, \$95,000, or \$99,999 from 1988 to 1995, falls to \$25,000 for 1996 through 2002, and rises to \$35,000 in 2003 through 2006. We again use the topcoded value multiplied by 1.5. Earnings numbers are deflated using the personal consumption expenditure (PCE) deflator to 2011 dollars.

In 1964 through 1975, weeks worked and usual hours worked per week in the prior year are not available. We follow Autor, Katz, and Kearney, who used the data from 1976 to 1978 to impute these variables. Between 1964 and 1975, the variable weeks worked last year is available only in intervals of weeks. They calculated the mean weeks worked last year by race and sex from 1976 to 1978 for each interval and imputed those means for the years from 1964 to 1975. For hours, first they cre-

ated hours' intervals using hours worked last week for 1964 to 1975 and 1976 to 1978 data. Then, using data for 1976 to 1978, they regressed usual hours worked per week on dummies of hours' intervals, and dummies of full-time workers, labor force status, and their interactions. Finally, they imputed the usual hours of 1964–1975 using the coefficients obtained from the 1976 to 1978 data, the hours intervals generated from hours worked last week and the same dummies as used in the regressions.

Processing of the Census and American Community Survey Data We use the Census Integrated Public Use Microdata Series (IPUMS) 1 percent extracts for 1950, 1960, and 1970, 5 percent extracts for 1980, 1990, and 2000, and 2001-2009 American Community Survey (ACS) data available at http://www.ipums.org (accessed August 15, 2012). Our sample includes respondents age sixteen through sixty-four who were not in armed forces and did not live in group quarters. For the analyses of earnings, we exclude the self-employed and unpaid family workers. The analyses are limited to full-time, full-year workers, defined as those working at least thirty-five hours per week (using hours worked last week for 1950 through 1970, usual hours worked per week for 1980 through 2010) and forty-plus weeks in the prior year. As in the CPS, our labor supply measure is the product of weeks worked and usual hours worked per week in the prior year. Workers with missing hours or weeks are dropped when either of these variables is missing. Weeks worked in the prior years are available in 1950, 1980, 1990, and 2000 through 2007. Usual hours worked per week in the prior years are available in 1980, 1990, and 2000 through 2010.

For years when weeks or hours are not available, we impute labor supply using the mean of workers of the same sex, race (white, black, and other), occupation, education (the highest grade of school completed is less than twelve, the highest grade of school completed is twelve or with high school diploma or equivalent, some college, four years of college and more), and worked weeks interval (available through all years) group in years when weeks and hours are available. For cells that cannot be matched with 1980 data due to the missing weeks' intervals in that year, we assign the mean for the sex-race-education-occupation group. We use the 1990 Census Bureau occupational codes. When doing the imputations, we use the broad occupational categories implicit in the 1990 scheme: managerial and professional (000–200); technical, sales, and administrative (201–400); service (401– 470); farming, forestry, and fishing (471–500); precision production, craft, and repairers (501-700); operatives and laborers (701-900); Nonoccupational responses (900–999). Weeks in 1960 and 1970 are imputed using the 1980 data, and weeks in 2008 through 2010 are imputed using the data in 2007. Hours in 1950, 1960, and 1970 are imputed using the data in 1980.

Hourly wages are calculated as total wage and salary income divided by annual hours of work. We drop the bottom 1 percent of hourly earners and multiply hourly wages of top-coded earners by 1.5. We limit the maximum hourly wage (via truncation) to 1.5 times the maximum annual income amount divided by 1,750 (thirty-five hours per week for fifty hours per year). All calculations are weighted

by the product of census person weights and calculated or imputed annual hours of labor supply. Wages are deflated to 2011 dollars using the PCE deflator.

Figure 1.3. Data for 2010: Martin et al. 2012. Births: Final data for 2010. National Vital Statistics Reports 61(1): table I-4. http://www.cdc.gov/nchs/ data/nvsr/nvsr60/nvsr60\_07.pdf (accessed October 12, 2012).

2009: Martin et al. 2011. Births: Final data for 2009 National Vital Statistics Reports 60(1). http://www.cdc.gov/nchs/data/nvsr/nvsr60/nvsr60\_01.pdf (accessed October 12, 2012).

2008: Martin et al. 2010. Births: Final data for 2008. National Vital Statistics Reports 59(1). http://www.cdc.gov/nchs/data/nvsr/nvsr59/nvsr59\_01.pdf (accessed October 12, 2012).

2007: Martin, Hamilton, Sutton et al. 2010. Births: Final data for 2007. National Vital Statistics Reports 58(24): table 18 http://www.cdc.gov/nchs/data/ nvsr/nvsr58/nvsr58\_24.pdf (accessed October 12, 2012).

2006: Martin, Hamilton, Sutton et al. 2009. Births: Final data for 2006. National Vital Statistics Reports 56(6): table 18. http://www.cdc.gov/nchs/data/ nvsr/nvsr57/nvsr57\_07.pdf (accessed October 12, 2012).

2005: Hamilton, Martin, and Ventura 2007. Births: Final data for 2005. National Vital Statistics Reports 56(6): table 18. http://www.cdc.gov/nchs/ data/nvsr/nvsr56/nvsr56 06.pdf (accessed October 12, 2012).

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2002: Martin et al. 2003. Births: Final data for 2002. National Vital Statistics Reports 52(10): table 17. http://www.cdc.gov/nchs/data/nvsr/nvsr52/ nvsr52\_10.pdf (accessed October 12, 2012).

2001: Martin et al. 2002. Births: Final data for 2001. National Vital Statistics Reports 51(2): table 17. http://www.cdc.gov/nchs/data/nvsr/nvsr51/ nvsr51\_02.pdf (accessed October 12, 2012).

2000: Martin et al. 2002. Births: Final data for 2000. National Vital Statistics Reports 50(5): table 17. http://www.cdc.gov/nchs/data/nvsr/nvsr50/ nvsr50\_05.pdf (accessed October 12, 2012).

1999: Ventura et al. 2001. Births: Final data for 1999. National Vital Statistics Reports 49(1): table 17. http://www.cdc.gov/nchs/data/nvsr/nvsr49/ nvsr49 01.pdf (accessed October 12, 2012).

1960 through 1998: Ventura and Bachrach 2000; National Vital Statistics Reports 48(16): table 4. http://www.cdc.gov/nchs/data/nvsr/nvsr48/nvs48\_ 16.pdf (accessed October 12, 2012).

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### **NOTES**

- The effectiveness of federal policy in the context of employment remains more elusive.
   In the case of blacks' labor market earnings, John Donohue and James Heckman conclude that "the precise mechanism through which Federal pressure was translated into black economic gains is not yet clear" (1991, 1607) especially given the relatively small budget and scale of the Equal Employment Opportunity Commission (EEOC) and the Office of Federal Contract Compliance (OFCC).
- 2. The poverty thresholds were originally developed in 1963 and 1964 by Mollie Orshansky, an economist in the Social Security Administration (see U.S. Census Bureau 2012b). In May of 1965, the OEO adopted Orshansky's poverty lines as the official poverty measure and analysts constructed poverty rates for 1959 using the 1960 census data (for a more detailed history, see Fisher 1992).
- 3. Several hypotheses suggest the reasons Johnson adopted poverty as his domestic agenda. One is that the implementation of the War on Poverty reflects his long-suppressed humanitarian agenda. Robert Caro, Johnson's biographer, notes that "Throughout Lyndon Johnson's life, there had been hints of what he might do with great power, should he ever succeed in attaining it . . . hints of compassion for the downtrodden, and of a passion to raise them up; hints that he might use power not only to manipulate others but to help others—to help, moreover, those who most needed help" (2002, xxi).

Another hypothesis is that Johnson perceived the War on Poverty as a bold political maneuver to emerge from Kennedy's shadow and build a new longer-term electoral consensus, much as Roosevelt had tried to use New Deal funds (Wright 1974; Couch and Shugart 1998; Wallis 1987, 1998, 2001; Fishback, Kantor, and Wallis 2003; Fishback and Wallis 2012). Supporting this view is Johnson's record of political Machiavellianism. According to Caro, "Johnson's ambition was uncommon—in the degree to which it was unencumbered by even the slightest excess weight of ideology, of philosophy, of principles, of beliefs" (1982, 275).

Yet another hypothesis is that the burst of social legislation passed because Southern members of Congress relented. Lee Alston and Joseph Ferrie (1993, 1999) note that the mechanization of cotton harvesting should have reduced the incentives of the southerners in Congress to oppose federal social policies. "The difference in the 1960s was that rather than blocking legislation that threatened their interests, as [southern mem-

bers of Congress] had since the New Deal, they now sought to alter legislation in ways that encouraged migration out of the South by farm workers rendered superfluous by mechanization. The Great Society programs of the Johnson administration were crafted by southerners... in order to reduce the burden on local elites that unemployed farm workers would have imposed" (Alston and Ferrie 2007, 503).

Assessing the importance of these competing (but not mutually exclusive) accounts is difficult because ample documentary evidence and oral history interviews provide some support for them all. Johnson, a masterful politician, made promises to everyone and would "cajole and plead and threaten and lie" (Caro 2002, xxiii). The War on Poverty thus reflects not only his difficult-to-discern motivation, but also the changing constraints in Congress and the political realities of his presidency (Bailey and Duquette 2012).

- 4. This publicity of white, Appalachian poverty contrasts sharply with the War on Poverty's later racialization. As Hugh Heclo notes, "Social programs originally justified in terms of advancing individual opportunity soon were perceived to be, and in part became, means of group advancement for blacks. Before any War on Poverty programs were in place . . . the Watts riot of August 1965 had begun the process of alienating white support from antipoverty efforts" (1984, 408).
- 5. James Tobin, "It Can Be Done? Conquering Poverty in the U.S. by 1976," *New Republic*, June 3, 1967, pp. 14–18.
- 6. About 30 percent of all of the elderly were poor in the early 1960s.
- 7. James Reston, "The Problem of Pessimism in the Poverty Program," *New York Times*, January 10, 1965, p. E12.
- 8. Many empirical studies by economists have found that War on Poverty programs have had some negative effects on work, savings and marriage. However, the magnitudes of these effects in the short term tend to be smaller than the programs' antipoverty effects (Danziger, Haveman, and Plotnick 1981; Ben-Shalom, Moffitt, and Scholz 2012).
- 9. According to the Census Bureau's supplemental poverty measure, which counts non-cash government benefits and tax refunds as income, these programs significantly reduce poverty. However, the supplemental poverty measure also raises the poverty line and subtracts work-related child care and transportation expenses and out-of-pocket medical costs from income. As a result, the supplemental poverty rate is slightly higher overall than the official rate in any year (Short 2011).
- 10. Poverty is measured based on total family income from all sources. It has been well documented (for example, Danziger and Gottschalk 1995), however, that slow growth and rising inequality in male earnings in the 1970s and 1980s were poverty-increasing. In contrast, increased earnings of women continued to be poverty-reducing over these years.
- 11. David Autor, Lawrence Katz, and Melissa Kearney (2008) show that weekly earnings of a similar sample of full-time men grew by only 10 percent at the 10th percentile but by over 60 percent at the 90th percentile. By contrast, our series show a smaller increase in hourly wages at the 90th percentile. Autor et al.also show that the increased earnings inequality among women was even more dramatic. Our wage series also correspond closely to Chunhui Juhn, Kevin Murphy, and Brooks Pierce (1993) who document that the real wages of workers at the 10th percentile fell by roughly 5 percent from 1963 to 1988.

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