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Wonkblog

Everything you need to know about the war on poverty

By **Dylan Matthews** January 8, 2014

Fifty years ago today, President Lyndon Johnson declared "unconditional war" on poverty. Depending on your ideological priors, the ensuing effort was either "a catastrophe" (Heritage's [Robert Rector](#)) or "lived up to our best hopes as a people who value the dignity and potential of every human being" (the White House's [news release](#) on the anniversary). Luckily, we have actual data on these matters which clarify what exactly happened after Johnson's declaration, and the role government programs played. Here's what you need to know.

1. What was the war on poverty?

Lyndon Johnson State of the Union Address - War on Poverty (Janu...  



The term "war on poverty" generally refers to a set of initiatives proposed by Johnson's administration, passed by Congress, and implemented by his Cabinet agencies. As Johnson put it in his [1964 State of the Union address](#) announcing the effort, "Our aim is not only to relieve the symptoms of poverty, but to cure it and, above all, to prevent it."

2. What programs did it include?

The effort centered around four pieces of legislation:

- The Social Security Amendments of 1965, which created Medicare and Medicaid and also [expanded Social Security benefits](#) for retirees, widows, the disabled and college-aged students, financed by an increase in the payroll tax cap and rates.

- The Food Stamp Act of 1964, which made the food stamps program, then [only a pilot](#), permanent.

- The Economic Opportunity Act of 1964, which [established](#) the Job Corps, the VISTA program, the federal work-study program and a number of other initiatives. It also established the Office of Economic Opportunity (OEO), the arm of the White House responsible for implementing the war on poverty and which created the Head Start program in the process.

- The Elementary and Secondary Education Act, signed into law in 1965, which established the Title I program subsidizing school districts with a large share of impoverished students, [among other provisions](#). ESEA has since been reauthorized, most recently in the No Child Left Behind Act.

3. Why did it start when it did?

Besides Johnson's personal interest in the issue, a number of factors made 1964-65 the ideal time for the war on poverty to start. The 1962 publication of Michael Harrington's "[The Other America](#)," an expose which demonstrated that poverty in America was far more prevalent than commonly assumed, focused public debate on the issue, as did Dwight MacDonald's [13,000-word review essay](#) on the book in The New Yorker. Many historians, such as Harrington biographer Maurice Isserman, [credit](#) Harrington and the book (which John F. Kennedy purportedly read while in office, [along with the MacDonald review](#)) with spurring Kennedy and then Johnson to formulate an anti-poverty agenda, on which Harrington (despite being a member of the Socialist Party) consulted alongside Daniel Patrick Moynihan and OEO chief Sargent Shriver.

The civil rights movement also deserves considerable credit for forcing action. Groups like the NAACP and the Urban League were [prominent allies](#) of the Johnson administration in its push for the Economic Opportunity Act and other legislation on the topic. Another factor is the fact that we just didn't have good data on poverty until shortly before the war on it began; our numbers [only go back to 1959](#).

4. How long did it last?

Many of the war on poverty's programs — like Medicaid, Medicare, food stamps, Head Start, Job Corps, VISTA and Title I — are still in place today. The Nixon administration largely dismantled the OEO, distributing its functions to a variety of other federal agencies, and eventually the office was [renamed](#) in 1975 and then shuttered for good in 1981.

5. Did it reduce poverty, actually?

It did. A [recent study](#) from economists at Columbia broke down changes in poverty before and after the government gets involved in the form of taxes and transfers, and found that, when you take government intervention into account, poverty is down considerably from 1967 to 2012, from 26 percent to 16 percent:

While that doesn't allow us to see how poverty changed between the start of the war in 1964 and the start of the data in 1967, the most noticeable trend here is that the gap between before-government and after-government poverty just keeps growing. In fact, without government programs, poverty would have actually increased over the period in question. Government action is literally the only reason we have less poverty in 2012 than we did in 1967.

What's more, we can directly attribute this to programs created or expanded during the war on poverty. In 2012, food stamps (since renamed Supplemental Nutrition Assistance Program, or SNAP) alone kept 4 million people out of poverty:

And is even more important in fighting [extreme poverty](#) (that is, people living under \$2 a day):

In fairness, SNAP isn't the [biggest anti-poverty program](#) on the books. That would be Social Security, also expanded by the war on poverty. The Earned Income Tax Credit, which came a few decades after, and other refundable credits are No. 2:

The impact of non-transfer programs such as Medicare, Medicaid and Job Corps on poverty is harder to measure, but what indications there are are promising. Amy Finkelstein and Robin McKnight have [found](#) that Medicare significantly reduced out-of-pocket medical expenditures for seniors, which increased their real incomes. The Oregon Medicaid Study [found](#) that the program significantly reduces financial hardship for its beneficiaries, who, under Oregon's eligibility rules at the time, all fell below the poverty line. A randomized evaluation of the Job Corps [found](#) that it caused improvements on a variety of outcomes, most notably a 12 percent increase in earnings of participants but also reductions in rates of incarceration, arrest, and conviction.

Title I, on the other hand, is generally agreed to cause more equitable school funding allocations, but the evidence on its effects on student achievement is [less promising](#), with many evaluations finding no effect. A randomized evaluation of Head Start found that its effects [faded out quickly](#), and many experts, notably [James Heckman](#), are quite skeptical of the program's benefits. That said, other researchers, like Harvard's David Deming, have [more positive evaluations](#).

6. Why don't people think it reduced poverty?

Largely because people rely on the official poverty rate, which is a horrendously flawed measure, which excludes income received from major anti-poverty programs like food stamps or the EITC. It also fails to take into account expenses such as child care and out-of-pocket medical spending. If you look at the [traditional rate](#) — which, I'm not even kidding, is [based](#) on the affordability of food for a family of three in 1963/4, with no adjustments except for inflation since then — it looks like poverty has stagnated rather than fallen.

So when you read, say, the Cato Institute's Michael Tanner [writing](#) things like, "the poverty rate has remained relatively constant since 1965, despite rising welfare spending," keep in mind that that statistic is completely meaningless in this context. The relevant measure is the supplemental poverty measure which, as mentioned above, fell following the start of the war on poverty.

7. What more could we be doing now to fight poverty?

So many things! We could expand existing working anti-poverty programs like Social Security, the Earned Income Tax Credit, the child tax credit and food stamps, or at least reverse [recent cuts to the latter](#). We could, similarly, cut taxes on the working poor, perhaps by exempting the first \$10,000 or so of a worker's earnings from payroll taxes, or by cutting down on the extremely high [effective marginal tax rates](#) which poor Americans face. We could adopt a still more dramatic transfer regime, such as a [basic](#)

[income](#) or [low-income wage subsidies](#). We could be investing in education, such as by scaling up successful pre-K pilots such as the [Perry or Abecedarian experiments](#), or by expanding [high-performing charter schools](#) and having traditional public schools [adopt their approaches](#). We could [raise the minimum wage](#), which all researchers find reduces poverty.

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