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Is America Ready for a New War on Poverty?

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Fifty years ago today (January 8) President Lyndon B. Johnson used his 1964 State of the Union address to declare an "unconditional war on poverty."

What led LBJ to make such a bold move? The Cold War, the civil rights movement, and a taste for ambitious goals were all part of the mix. Another factor was a small book by Michael Harrington entitled *The Other America*.

Written in 1962, the book challenged the conventional wisdom that the nation had become an overwhelmingly middle-class society as a result of postwar prosperity. Harrington reported that almost one-third of all Americans -- between 40 million and 50 million people -- lived "below those standards which we have been taught to regard as the decent minimums for food, housing, clothing and health."

Harrington's writing style -- informal, accessible, and morally outraged but not self-righteous -- appealed to readers. Rather than relying primarily on statistics to make his argument, he told stories, humanizing the poor as real people trapped in difficult conditions not of their own making. He described people living in slum housing, people who got sick and lived with chronic pain because they could not afford to see a doctor, who did not have enough food for themselves or their children and lived with constant hunger.

In this slim 186-page volume, Harrington wrote that the poor were invisible to most Americans because they lived in rural isolation or in urban slums. Once they become aware of the situation, Americans should be ashamed to live in a rich society with so many poor people.

"The fate of the poor," he concluded, "hangs upon the decision of the better-off. If this anger and shame are not forthcoming, someone can write a book about the other America a generation from now and it will be the same or worse."

It is now a generation later and, thanks in part to Harrington, the poor are no longer invisible. The policies adopted as part of LBJ's War on Poverty (including Medicaid, Medicare, subsidized housing, Head Start, legal services, nutrition assistance, raising the minimum wage, and, later, food stamps and Pell grants) -- in combination with a strong economy -- significantly reduced poverty.

The nation's poverty rate was cut in half, from 22.2 percent in 1960 to an all time low of 11.1 percent by 1973. Most dramatic was the decline of poverty among the elderly, from 35.2 percent in 1959 to 14.6 percent in 1974, thanks to enactment of Medicare in 1965 and cost-of-living increases for Social Security. The poverty rate

among African Americans fell from 55.1 percent in 1959 (when most blacks still lived in the rural South) to 41.8 percent in 1966 (when blacks were an increasingly urban group) to 30.3 percent by 1974.

The nation's poverty rate has never returned to the level Harrington described in *The Other America*. But progress was stalled in the 1970s. Today, almost 50 million Americans -- over 15 percent of the population -- live below the nation's official poverty threshold. Almost as many poor people live in the suburbs as in cities -- a phenomenon that was unthinkable 50 years ago. About one-quarter (22 percent) of America's children now live in poverty. The poverty rate is much higher for Blacks (27 percent) and Latinos (26 percent) than for whites (10 percent). A significant proportion of America's poverty population are the working poor, who earn poverty-level wages.

Even more startling is the fact that 100 million people comprise what the U.S. Census calls the poor and the "near poor," based on a new definition of poverty that measures living standards, not just income. Almost one-third of the nation, in other words, can barely make ends meet.

Although America's poverty rate has fluctuated over the years, it has persistently been two or three times higher than poverty rates in most European societies, which have much more generous social welfare policies and stronger labor unions. Even Canada -- which has a similar economy and distribution of wealth as the United States -- has a much lower poverty rate and does not permit the level of sheer destitution and misery found in the United States, including hunger, slums, and the growing army of homeless people sleeping on park benches and in vacant buildings.

In the early 1960s, many Americans were ready to enlist in a war on poverty because the standard of living was improving for most families, inequality was shrinking, and people felt hopeful about the country and its future. A growing number of American families were able afford to move to the suburbs, buy homes, install air conditioners, purchase a new contraption called a television, pay for a new car every few years, take a yearly vacation (and stay at a new phenomenon called a "motel") and even fly on an airplane. They could send their children to college and save money for a comfortable retirement.

If rising affluence made a war on poverty possible, the civil rights movement and Cold War made it necessary.

As he campaigned for president in 1960, John F. Kennedy was shocked at the suffering he saw in West Virginia, where the poor were mostly rural whites. The southern sit-in movement, which began in February 1960 in Greensboro, North Carolina, put a spotlight on the intertwined realities of racism and poverty. As president, JFK was concerned that the exposure of widespread poverty and racism would embarrass the United States in the Cold War race with the Soviet Union for the hearts and minds of the world's people.

JFK's economic adviser Walter Heller gave a copy of *The Other America* to the young president. (Kennedy may have read the book or a 50-page review of the book by Dwight Macdonald, called "Our Invisible Poor," in the January 19, 1963 issue of *The New Yorker* -- historians tell both versions).

As Maurice Isserman recounts in his biography of Harrington, *The Other American*, three days before he was assassinated, Kennedy told aides that he wanted to do something about poverty.

On taking office after Kennedy's death, Lyndon Johnson wanted to build on JFK's unfinished agenda. He told Heller that abolishing poverty was the kind of big, bold program he could get behind.

Walter Reuther, the influential president of the United Automobile Workers (UAW), agreed. Representing the left wing of the Democratic Party, he had been making proposals since World War II to renew the New Deal and engage in national economic planning. He advised Presidents Kennedy and Johnson to champion a bold federal program for full employment that would include government funded public works and the conversion of the nation's defense industry to production for civilian needs. This, he argued, would dramatically address the nation's poverty population, create job opportunities for the poor (disproportionately comprised of African Americans), and rebuild the nation's troubled cities without being as politically divisive as a federal program identified primarily as serving poor blacks.

LBJ appointed Peace Corps director Sargent Shriver (Kennedy's brother-in-law) to head the new Office of Economic Opportunity. Shriver invited Harrington to join its War on Poverty planning committee. In 1964, Harrington, his friend Paul Jacobs (a labor activist and writer), and Labor Department official Daniel Patrick Moynihan (who later became U.S. senator from New York), wrote a background paper for the committee that echoed Reuther's views. The memo urged, "If there is any single dominant problem of poverty in the U.S., it is that of unemployment."

It was on this point that Harrington parted company from LBJ and Shriver. In *The Other America*, he wrote that poverty was caused and perpetuated by institutions and public policies, not by individuals' personal pathologies. The solution was full employment, so that everyone who wanted to work could have a job. In their memo, Harrington, Jacobs and Moynihan recommended a massive public works initiative similar to the New Deal's Works Progress Administration and Civilian Conservation Corps programs.

But jobs programs were expensive; the WPA had cost \$5 billion in 1936. Johnson insisted that the "unconditional war on poverty" had to cost less than a billion dollars a year. His strategy was to help the poor improve themselves -- a "hand up, not a handout." War on Poverty legislation, passed in August 1964, included funds for preschool education, social services through community action agencies, and legal services, but no major jobs programs and no major direct cash grants to the poor.

Testifying before Congress in April 1964, Reuther said that "while [the proposals] are good, [they] are not adequate, nor will they be successful in achieving their purposes, except as we begin to look at the broader problems [of the American economy]." He added that "poverty is a reflection of our failure to achieve a more rational, more responsible, more equitable distribution of the abundance that is within our grasp."

Although Reuther threw the UAW's political weight behind Johnson's programs, his critique was correct. Since the 1960s, federal efforts to address poverty have consistently suffered from a failure to address the fundamental

underlying issues. With the exception of Social Security and Medicare (health insurance for the elderly), most programs targeted at individuals provide a safety net to keep people from physical suffering, not to lift them out of poverty. For example, even at its peak, welfare benefit levels, which vary dramatically among the states, never reached the official poverty threshold, even with food stamp benefits added. Medicaid began in 1965 as a means tested health insurance entitlement for the poor, with benefits varying by state. Housing subsidies were not an entitlement at all and have never reached more than one third of the families who were eligible for them. The minimum wage has usually been far below the poverty threshold. The earned income tax credit (EITC) for the working poor, begun in the mid 1970s and expanded in the 1990s, has, in combination with these other programs, lifted some families above the poverty level.

Americans' optimistic and generous attitudes began to change in the 1970s, as conservative politicians and pundits began their assault on government regulations, taxes, and social programs. That steady drumbeat of anti-government blame-the-victim invective contributed to public skepticism that anti-poverty policies can work. The most famous one-liner in this arsenal is President Reagan's statement, in his 1988 State of the Union address, "My friends, some years ago, the Federal Government declared war on poverty, and poverty won." That cynical remark was intended not only to disparage government efforts to uplift the poor but also to justify major cuts in social programs, which contributed to a significant increase in poverty during the 1980s - a trend repeated in the first decade of the 21st century, even before the current recession, while George W. Bush occupied the White House.

During the past decade, ordinary Americans have experienced declining wages, rising joblessness, and an epidemic of foreclosures. Some pundits argue that it is difficult to elicit a generosity of spirit among economically-squeezed middle-class families. But as more and more middle class Americans face economic insecurity, they may identify their own fate with the plight of the poor.

Indeed, the tide seems to be turning.

In September 2011, a handful of activists took over Zuccotti Park in New York, and then the movement spread to every city in the country. Although Occupy Wall Street was forced after a few months to disperse physically, its ideas have continued to resonate with the American public, including its slogan casting America's economic divide as the 1 percent versus the 99 percent. The Occupy movement changed the nation's conversation at dinner tables, workplaces and newsrooms. Language matters. This impressive linguistic ju-jitsu has helped reframe our national conversation over taxes, the distribution of wealth and income and campaign finance. By focusing public and media attention on the widening disparities of income, wealth and power, it has helped reframe the public debate.

Even many Americans who don't agree with the Occupiers' tactics or rhetoric nevertheless share its indignation at outrageous corporate profits, widening inequality, and excessive executive compensation side-by-side with the epidemic of lay-offs and foreclosures.

In a November 2011 poll from the Public Religion Research Institute, 60 percent agreed that "our society would be better off if the distribution of wealth was more equal." A survey conducted by psychologists at Duke and

Harvard found that 92 percent of Americans preferred the wealth distribution of Sweden over that of the United States. In Sweden, the wealthiest fifth of the population have 36 percent of all wealth, compared to the United States, where the wealthiest fifth has 84 percent.

A Pew Research Center survey released in December 2011 found that most Americans (77 percent) -- including a majority (53 percent) of Republicans -- agree that "there is too much power in the hands of a few rich people and corporations." Not surprisingly, 83 percent of 18-29 year olds share that view. Pew also discovered that 61 percent of Americans believe that "the economic system in this country unfairly favors the wealthy." A significant majority (57 percent) think that wealthy people don't pay their fair share of taxes.

President Obama has occasionally reflected these sentiments. In a December 2011 speech in Osawatomie, Kansas, Obama sought to channel the growing populist outrage unleashed by the Occupy movement. He criticized the "breathhtaking greed" that has led to widening income divide. "This isn't about class warfare," he said. "This is about the nation's welfare." Obama noted that the average income of the top 1 percent has increased by more than 250 percent, to \$1.2 million a year.

Earlier this month, at a speech sponsored by the Center for American Progress, Obama noted that the dream of upward economic mobility is breaking down and called the nation's growing income gap a "defining challenge of our time." He said that income inequality is greater in the United States than in other rich countries and that Americans should be offended that a child born into poverty has such a hard time escaping it. "It should compel us to action. We're a better country than this," the president said.

The burgeoning protest movement among low-wage workers has triggered increasing media coverage and public sympathy. On Black Friday (the day after Thanksgiving, the year's business shopping day), Walmart workers and community allies organized rallies in hundreds of cities, demanding a minimum salary of \$25,000 plus better working conditions and benefits. Within a week, employees at major fast food chain restaurants in over 100 cities held a one-day strike, pushing for \$15/hour starting pay. Polls show that young workers are more pro-union than middle-aged and older workers, making a revival of the labor movement possible, if not inevitable.

In recent years, Americans have shown increasing support for boosting the minimum wage and for the idea that people who work full-time should not earn poverty-level wages. A poll conducted in July by Hart Research Associates, showed that 80 percent of Americans back hiking the federal minimum wage to \$10.10 an hour and adjusting it for the cost of living in future years. Not surprisingly, 92 percent of Democrats voice support for this proposal, but so do 80 percent of independents, 62 percent of Republicans, 75 percent of Southern whites and 79 percent of people with incomes over \$100,000. Even as New Jersey voters were giving conservative Republican Gov. Chris Christie a second term with 60 percent of the vote, they also approved, by the same margin, a constitutional amendment to raise the state's minimum wage by a dollar to \$8.25 an hour. The new law includes an automatic cost-of-living increase each year. California Gov. Jerry Brown signed legislation raising the state's minimum wage from \$8 to \$10 an hour -- a bill he had vetoed a year earlier.

In November, voters in the Seattle suburb of Sea-tac embraced the Good Jobs Initiative' to raise the minimum wage to \$15 an hour for workers at Seattle-Tacoma International Airport and at airport-related businesses, including hotels, car-rental agencies and parking lots. The new law, sponsored by labor unions and other progressives, applies to more than 6,300 workers. (On the day after Christmas, ruling on a suit filed by Alaska Airlines and the Washington Restaurant Association, a King County judge barred its enforcement at the airport -- which is located in the city of Sea-tac but is owned and operated by a separate government agency -- but let it stand for the 1,600 workers employed at nearby hotels and parking lots). Seattle's new Mayor Ed Murray supported the Sea-tac initiative and just announced a plan to set a minimum wage of \$15 an hour for all municipal employees. In New York City, one of newly-elected Mayor Bill de Blasio's key policy planks was enacting a living wage of \$11.75 per hour for workers employed by companies that get tax breaks and other subsidies from the city. Activists in Idaho, South Dakota and Alaska are gathering signatures to put minimum wage hikes on the ballot in 2014. Their counterparts in Maryland, Illinois, Massachusetts, Minnesota and Hawaii are pushing state legislators to raise the minimum wages in their states, too.

The momentum at the local and state levels is likely to put pressure on Congress to raise the federal minimum wage. In his State of the Union address last January, President Obama proposed raising the minimum wage from the current \$7.25 to \$9 an hour. A week after the November elections, Obama announced that he supports hiking it to \$10.10 an hour, based on a bill sponsored by Senator Tom Harkin (D-Iowa) and Cong. George Miller (D-CA). In August, Demos published a report, *Underwriting Bad Jobs*, that revealed that the federal government -- through contracting out and privatization -- is the largest employer of low wage, dead end jobs. The think tank and its organizing allies urged Obama to issue a Presidential Executive Order raising the minimum wage for workers on all federal contracts.

Within a decade after President Johnson declare a War on Poverty, we cut the nation's poverty rate in half. We should commit ourselves to cutting it in half once again by 2025.

We know how to reduce poverty. We need to invest public dollars in a jobs program to create full employment, enact a federal minimum wage above the poverty line, expand the Earned Income Tax Credit, increase funding for college financial aid, reduce the pay gap between women and men, make affordable health care available to all Americans, strengthen the social safety net (nutrition assistance, food stamps, housing subsidies), and update our lopsided labor laws so that workers who want to unionize have a level playing field to do so.

It is inaccurate to say that the War on Poverty failed. Without anti-poverty programs, the nation's poverty rate would be twice as large. But to make greater headway in reducing poverty, we need to combine targeted anti-poverty programs with broader policies to revitalize the economy, create more good-paying jobs, and reduce the nation's disastrous gap between the super-rich and everyone else. We need a policy agenda to share prosperity.

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