

The Great Society and War on Poverty: Looking Back 50 Years Later

Shawn Fremstad
Senior Research Associate
Center on Economic and Policy Research
www.cepr.net — @inclusionist

“Although the economic well-being and prosperity of the United States have progressed to a level surpassing any achieved in world history, and although these benefits are *widely shared throughout the Nation*, poverty continues to be the lot of a substantial number of our people.”

—Section 2 of Economic

Shared Prosperity: 1947-78

Productivity Growth
1947-1978: +109%

Compensation Growth
1947-1978: +114%

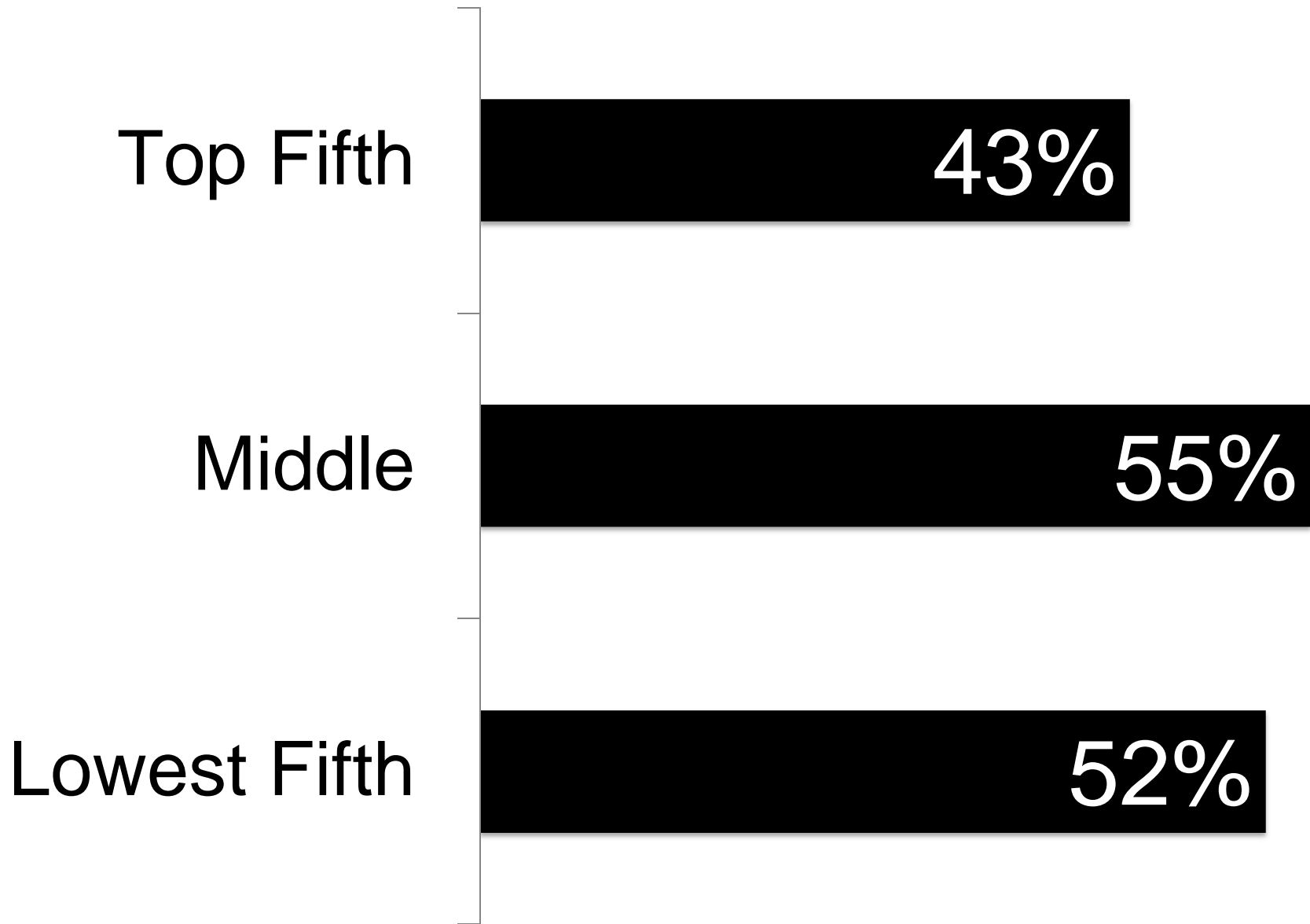
1947 50s

60s

70s

Source: Economic Policy Institute, State of Working America.

Increase in Family Income: 1947 and 1964



“In 1964, President Lyndon B. Johnson launched the famous “War on Poverty,” putting into place a multitude of government means-tested welfare programs and kicking off what has come to a five-decade total of nearly \$20 trillion dollars in federal and state welfare spending.”

—Rachel Sheffield, The Heritage Foundation

1964

Economic Opportunity Act
—Community Action
—Job Corps
—Work Study
—Adult Basic Education
—VISTA

Food Stamp Act
—Creates national FSP,
expanding pilot one begun in

1961

Revenue Act
—Substantial cut in individual tax rates

Civil Rights Act: Title II (public accommodations); Title VII (employment discrimination); Title VI (recipients of federal funds).

1965

Summer Head Start launched by
OEO's Community Action
Program

Voting Rights Act

—Elementary and Secondary
Education Act (creating Title I)
—Higher Education Act (student
loans and grant programs)

—Medicaid and Medicare
—Older Americans Act

HUD created.

1966

Child Nutrition Act (building on 1946 and 1962
legislation)

Minimum wage increased and coverage expanded;
real value reaches highest point in 1968 (\$10.69/hr
in \$2013).

1967-68

1967: Expansion of family planning funding.

1968: Major increase in Social Security benefits.

1968: AFDC work penalties eased; WIN
established.

1968: Fair Housing Act.

1969-1975

1969: Nixon declares "moment at
hand for ending hunger";
proposes major Food Stamp
expansion; also calls for adding
automatic COLA to Social
Security

1970: Title X (family planning)
adopted as Public Health Service
Act.

1972: Supplemental Security
Income established (genesis
in Nixon's Family Assistance
Plan proposal); Social Security
COLA and benefit increases

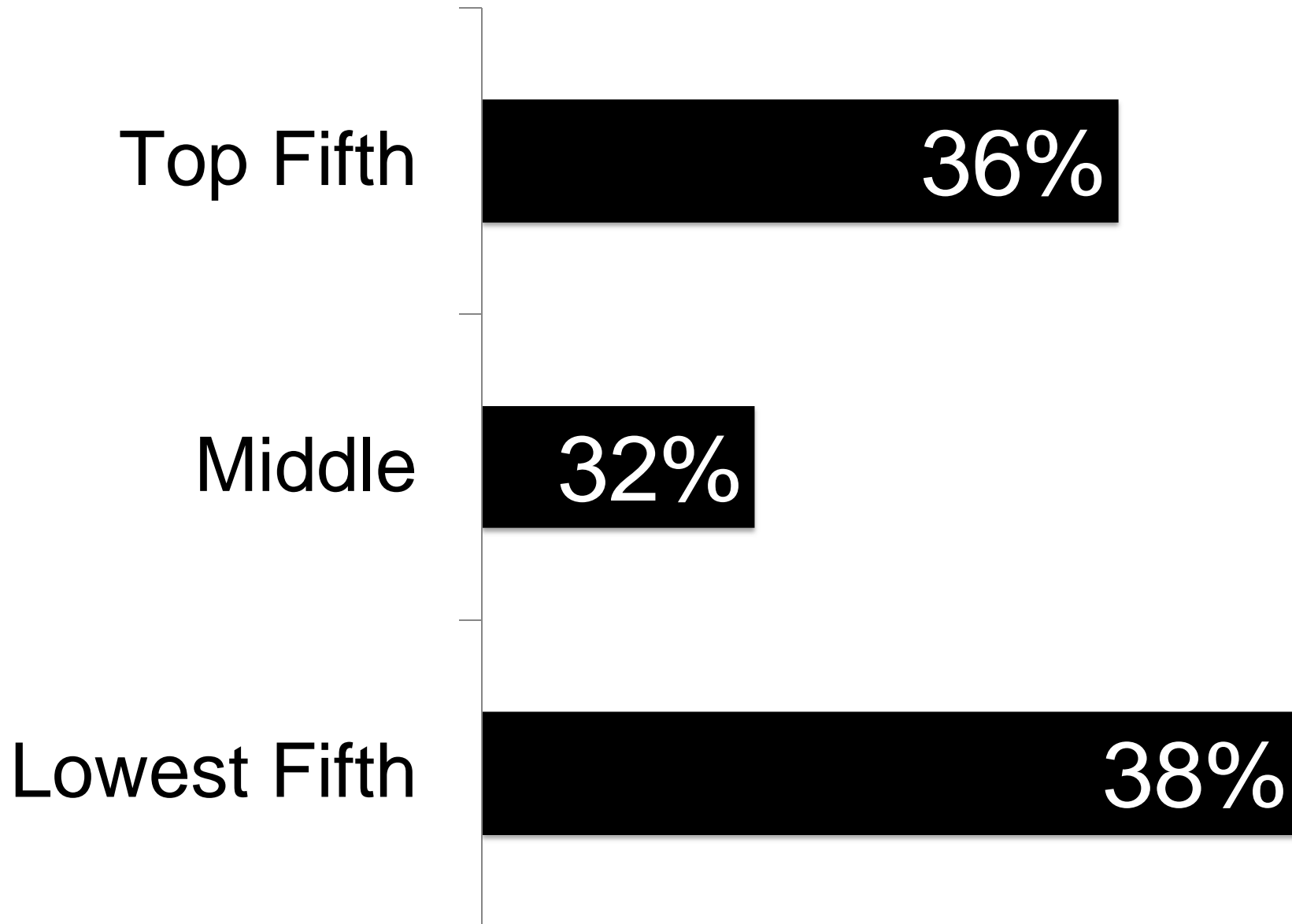
adopted.

1971-73: Legislation makes
Food Stamps a truly national
program and creates pilot WIC
program.

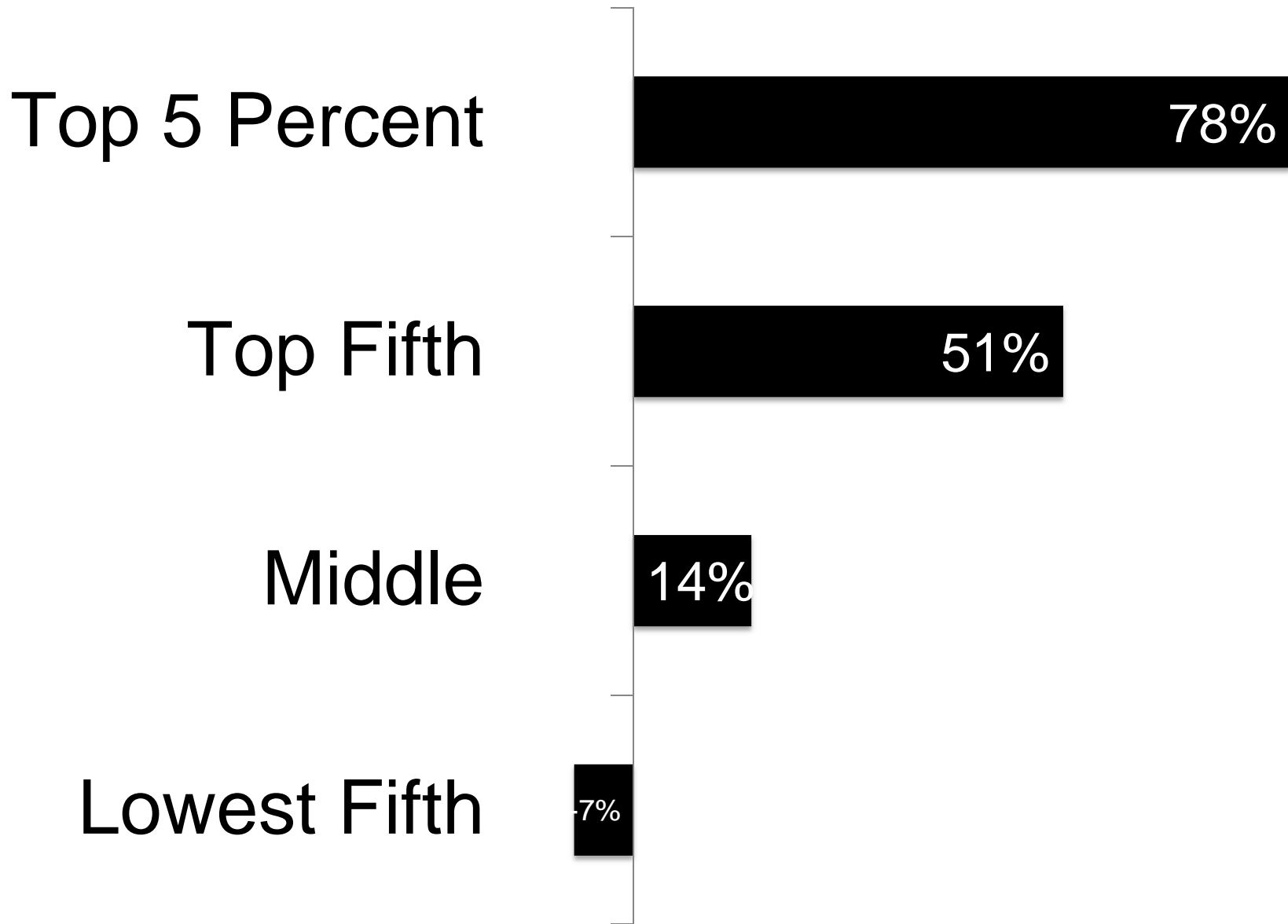
1972: Nixon vetoes
Comprehensive Child
Development Act, which would
have guaranteed child care
assistance to low and moderate
income families.

1975: EITC created; WIC
established as permanent
program.

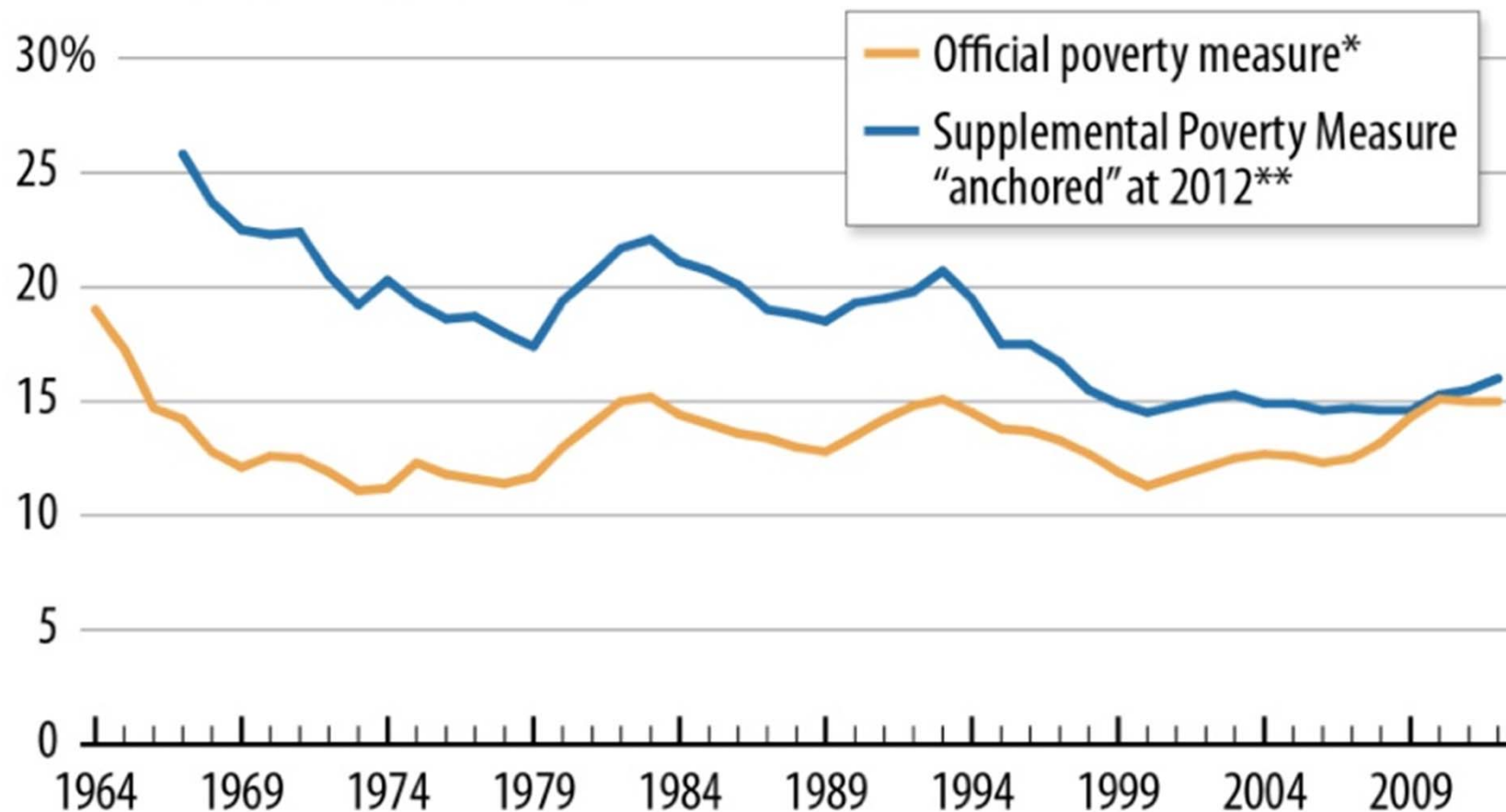
Increase in Family Income: 1965 and 1979



Increase in Family Income: 1980 and 2010



Percent of people living in poverty



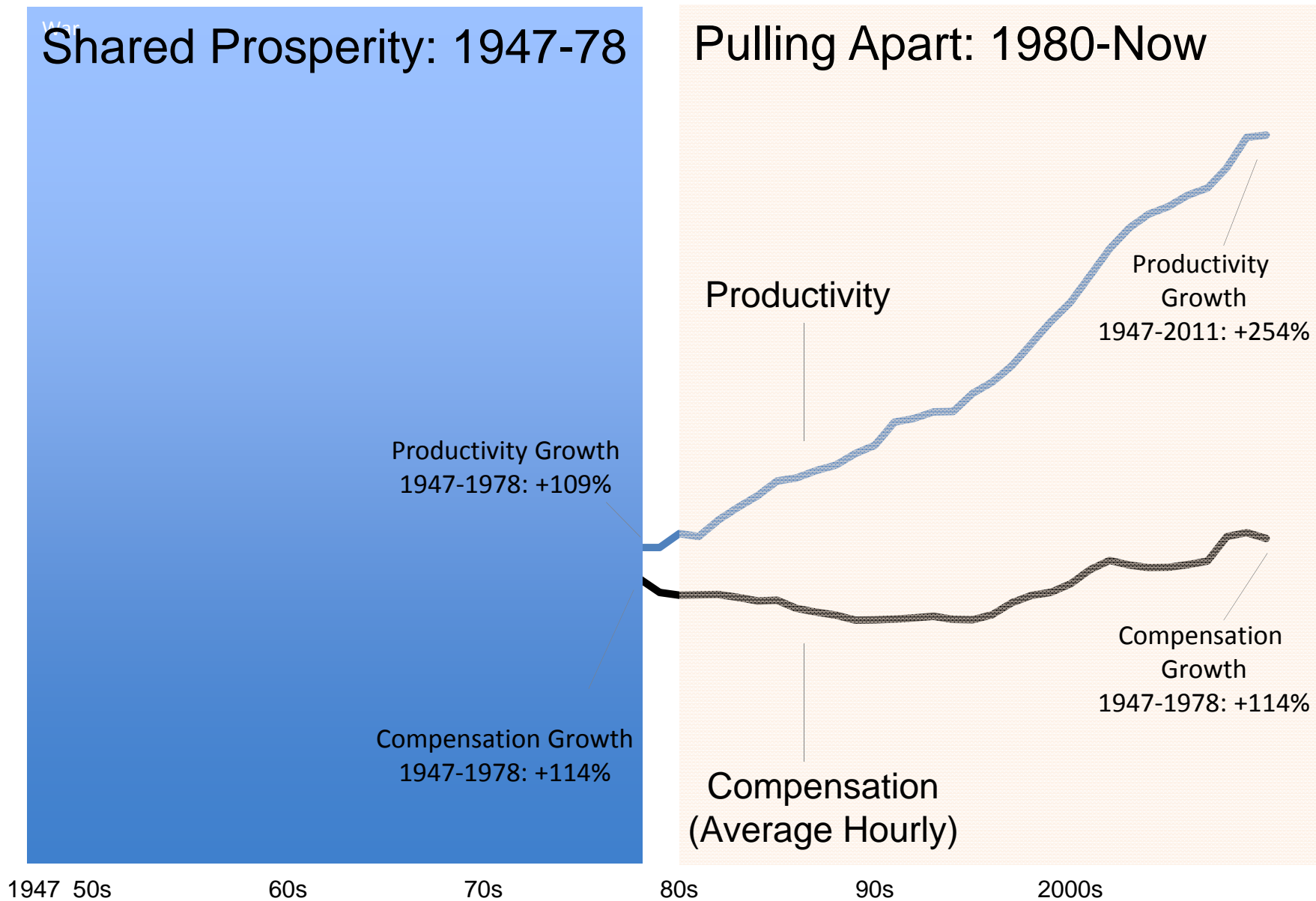
*Counts cash income only and uses the official poverty line

**Counts cash income plus non-cash benefits, reflects the net impact of the tax system, subtracts certain expenses from income, and uses a poverty line based on today's cost of certain necessities adjusted back for inflation

Source: Christopher Wimer et al., "Trends in Poverty with an Anchored Supplemental Poverty Measure," Columbia Population Research Center, December 2013.

Shared Prosperity: 1947-78

Pulling Apart: 1980-Now



Source: Economic Policy Institute, State of Working America.

Push Factors: Pushing Poverty Rate I

	Then	Now
Excessive cut taxes for most fortunate crowding out public investment <i>—Top marginal tax rate</i>	91 percent (1963)	35 percent
Declining value of minimum wage	\$10.69 (1968)	\$7.25
Decline in union density <i>—Percentage of wage and salary workers who are union members</i>	28.3 percent	11.3 percent
Decreasing likelihood that high school diploma and post-secondary education provide a sure path out of poverty <i>—People below poverty line with high school diploma or more education</i>	41 percent (1979)	70 percent
Increase in costs of post-secondary education <i>—Cost of attending public college or university (in 2011 dollars)</i>	\$6,592 (1964-65)	\$13,297 (2010-11)

Pull Factors: Pulling Poverty Down

	Then	Now
Decline in teen births <i>—Teen birth rate (per 1000)</i>	89.1 (1960)	29.4 (2012)
Increase in women's (and especially mother's employment) <i>—% of families with kids relying in whole or large part on mother's earnings</i>	27.7 percent (1969)	63.9 percent (2010)
Narrowing of gender pay gap <i>—female-to-male earnings ratio for full-time, year-round workers</i>	59.9 (1965)	76.5 (2012)
Increase in education attainment <i>—share of adults with high school degree</i>	56 percent (1964)	88 percent (2012)
Expansion of (some) social insurance benefits <i>—share of people living in poverty before counting benefits, who are lifted out after counting them</i>	4 percent (1967)	44 percent (2012)

In short, many of the policies enacted as part of the War on Poverty have stood the test of time. Today's Americans are healthier, better educated, and more financially secure in their old age, because we made investments in education, health, nutrition, and income security 50 years ago.

... to label the War on Poverty a failure is to say that the creation of Medicare and Head Start, enactment of civil rights legislation, and investments in education that have enabled millions of students to go to college are a failure. In fact, without the safety net, much of which has its roots in the War on Poverty, poverty rates today would be nearly double what they currently are.

The War on Poverty has not failed us, but our economy has.

—*Boteach and others, The War on Poverty: Then and Now, Center for American Progress (2014)*



The War on Poverty: Then and Now

Applying Lessons Learned to the Challenges and Opportunities Facing a 21st-Century America

By Melissa Boteach, Erik Stegman, Sarah Baron, Tracey Ross, and Katie Wright January 2014