The War on Poverty

The Law and History of the social safety net in the United States
“Unfortunately, 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.”

- President Lyndon B. Johnson, January 1964
State of the Union Address
The Great Depression:

The Great Depression (1929-39) was the deepest and longest-lasting economic downturn in the history of the Western industrialized world.

In the United States, the Great Depression began soon after the stock market crash of October 1929, which sent Wall Street into a panic and wiped out millions of investors. Over the next several years, consumer spending and investment dropped, causing steep declines in industrial output and rising levels of unemployment as failing companies laid off workers.

By 1933, when the Great Depression reached its lowest point, some 13 to 15 million Americans were unemployed and nearly half of the country’s banks had failed.

The American south was already deep recession because of a slow recovery from the economic affects of the civil war. The Great Depression compounded problems related to poverty.
The New Deal

Glass-Steagall Banking Act (1933):
- Purpose - to protect bank depositors and the banking system
- Separated Commercial from Investment Banking
- Federal Deposit Insurance Corporation - FDIC
- Increased the power of the Federal Reserve Board to regulate interest rates

National Recovery Administration:
NRA helped each industry draw up Fair Practices Codes (within their industry)-once the codes were approved by the President - all businesses in that industry had to comply with them. In general - NRA codes:
- common control of prices and sales practices
- outlawed child labor
- 40 hour work week
- recognize the rights of unions to organize
- minimum wage - $12.00 - $15.00 per week
The New Deal

Social Security Act – 1935

Unemployment Insurance - payroll deduction
workers contribute to a fund - employers contribute for
each worker - if unemployed, workers draw money based
on their contribution

Old-Age Pensions - payroll deduction
retired workers collect pension based on their contribution.
Must work to collect both one and two

Aid to widows, handicapped and dependent children.
The idea for the first food stamp program was created by Secretary of the United States Department of Agriculture Henry Wallace and the program's first Administrator Milo Perkins in 1939.

The program operated by permitting people on relief to buy orange stamps equal to their normal food expenditures; for every $1 worth of orange stamps purchased, 50 cents worth of blue stamps were received. Orange stamps could be used to buy any food; blue stamps could only be used to buy food determined by the Department of Agriculture to be surplus.

Over the course of nearly 4 years, the program reached approximately 20 million people at in nearly half of the counties in the United States. Peak participation was 4 million--at a total cost of $262 million. The program was disbanded in the 1943, "since the conditions that brought the program into being--unmarketable food surpluses and widespread unemployment--no longer existed."
Post-War America

During the 1950s, the number of workers providing services grew until it equaled and then surpassed the number who produced goods. And by 1956, a majority of U.S. workers held white-collar rather than blue-collar jobs. At the same time, labor unions won long-term employment contracts and other benefits for their members.

This period invented the teenager and historians refer to it as the era of complacency.

In 1962, Michael Harrington published *The Other America*, a shocking expose of poverty and want in the United States. The book chronicled the plight of “the unskilled workers, the migrant farm workers, the aged, the minorities, and all of the others who live in the economic underworld of American life.” Michael Harrington influenced President John Kennedy and shaped the economic policies adopted by President Lyndon Johnson.
The Great Society:

The Food Stamp Act of 1964 - 1964
In 1964, President Johnson signed the Food Stamp Act of 1964 into law providing making the pilot food stamp program permanent and enacted other provisions:

- the requirement that recipients purchase their food stamps, paying an amount commensurate with their normal expenditures for food and receiving an amount of food stamps representing an opportunity more nearly to obtain a low-cost nutritionally adequate diet;

- the eligibility for purchase with food stamps of all items intended for human consumption except alcoholic beverages and imported foods (the House version would have prohibited the purchase of soft drinks, luxury foods, and luxury frozen foods);

- Program is Means tested as part of eligibility requirements;

- prohibitions against discrimination on bases of race, religious creed, national origin, or political beliefs.

The Department estimated that participation in a national Food Stamp Program would eventually reach 4 million, at a cost of $360 million annually.
The Great Society:

The Economic Opportunity Act 1964
- Provided training to disadvantaged youths aged 16-21
- Helped low income students to work their way through college
- Recruited volunteers to work and teach in low income slum areas

The Re-Development Act 1964
- Provided money for replacing inner city slums with new homes.

Medicare and Medicaid 1965
- This provided medical insurance for the over-65s and hospital cover for the poor

Voting Rights Act of 1965
- Ended literacy tests; established voting registrars which could be sent to locales which had a history of denying people the right to vote
War on Poverty 50 Years Later

Since 1967, poverty has declined by more than one-third

The percent of the population in poverty when measured to include tax credits and other benefits has declined from 25.8 percent in 1967 to 16.0 percent in 2013.

Programs designed to increase economic security and opportunity lifted over 45 million people from poverty in 2012, and led to an average of 27 million people lifted out of poverty per year for 45 years between 1968 and 2013. Cumulatively these efforts prevented 1.2 billion “person years” of poverty over this period.

The Earned Income Tax Credit has been a major contributor in lifting children out of poverty.

Social Security has played a crucial role in lowering poverty among the elderly. Poverty among those aged 65 and older was 35 percent in 1960. Following rapid expansions in Social Security in the 1960s and 1970s, poverty among the elderly fell to 14.8 percent in 2013.
“Deep poverty” is defined as the fraction of individuals living below 50 percent of the poverty line has declined as a result of these programs. Without government tax credits or other benefits, 19.2 percent of the U.S. population would have been in deep poverty in 2013, but only 5.3 percent were in deep poverty when the benefits of the social safety net started by the New Deal and the Great Society are included.

The most important experience gained from the War on Poverty is that government policies can lift people from poverty; indeed they have for the past 50 years. Poverty rates fell from 25.8 percent in 1967 to 16 percent in 2013—a decline of nearly 40 percent.

In 2013 alone, the combined effect of all federal tax, cash and in-kind aid programs was to lift approximately 14.5 percent of the population—over 45 million people—out of poverty.
War on Poverty 50 Years Later

Programs still in existence today:

Food Stamp Program (SNAP):

- Most SNAP homes have a child, an elderly person or a disabled person, amounting to 76 percent.
- The poverty guideline of $19,530 for a family of three in 2013 is met by 83 percent of SNAP homes. Many live below the poverty line.
- Two people make up the average SNAP home, with total benefits of $744 and assets around $331.
- The average monthly payment for a SNAP recipient was $133.41 in fiscal year 2013. That amounts to less than $1.50 per meal.
- In 2012 alone, SNAP kept 4 million people out of poverty.
War on Poverty 50 Years Later
Programs still in existence today:

Medicare: By the end of 2014, there were 49,435,610 people receiving health coverage through a Medicare program. Benefits paid in 2013 amounted to $583 billion, which was about 14 percent of the federal budget.

Medicaid: Medicaid has become the nation's main public health insurance program for the low-income population. It is also the predominant source of coverage and financing of long-term care services for the elderly and individuals with disabilities. Medicaid plays many roles in our healthcare system and was expanded significantly as a base of coverage for the low-income population under the Affordable Care Act.
War on Poverty 50 Years Later

Programs still in existence today:

**Head Start**: Head Start is one of the longest-running programs attempting to address the effects of systemic poverty in the United States. More than 31 million children have attended Head Start and there have been significant improvements in student learning outcomes because of the program.

**Job Corps**: Job Corps continues to be the biggest program in the United States to offer no-cost education and vocational training programs administered by the U.S. Department of Labor. Young people ages 16 through 24 improve the quality of their lives through vocational and academic training. Since its inception in 1964 under the Economic Opportunity Act, Job Corps has served more than 1.9 million young people. An average of 60,000 students annually.
War on Poverty 50 Years Later

Programs still in existence today:

Vista: Known now as AmeriCorps, the program engages more than 75,000 Americans in intensive service each year at nonprofits, schools, public agencies, and community and faith-based groups across the country.

The Elementary and Secondary Education Act: Under the act, nearly 1 billion dollars annually is allocated to schools with a high concentration of low-income children. The act supports programs like Head Start, Follow-Through (to complement the gains made by children who participated in the Head Start Program), and Bilingual Education (targeting mainly Spanish-speaking children), and a variety of guidance and counseling programs.
Important lesson learned have been learned regarding the War on Poverty we cannot simply freeze them in time. Antipoverty efforts have benefited from enormous changes in public policy since the 1960s, informed by a wealth of research of both successful and failed programs that provide important insights into what does and does not work in fighting poverty.

The safety net in the United States has evolved to put more emphasis on rewarding and supporting work, such as by providing greater support to working families through the Earned Income Tax Credit and refundable Child Tax Credit, while also making it easier for them to get help from programs like SNAP and Medicaid.
War on Poverty Lessons Learned

In 1967, we spent $19 billion in today’s dollars on what was called Aid to Families and Dependent Children and nothing on the Earned Income Tax Credit. Today the Earned Income Tax Credit and partially refundable Child Tax Credit are 3.8 times the size of the Temporary Assistance for Needy Families program, which replaced AFDC in 1996.

Nearly 50 million Americans still live in poverty, however, including 13.4 million children so there remains a need to do more to help the poor.

Our safety net remains imperfect, but these reforms and improvements represent important progress—and they also help many families work and raise the rewards to that work.
Bibliography

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