CHAPTER 8

The War on Poverty

INTRODUCTION

The 1960s was a period of great prosperity in the United States. And yet, in 1960, one in five Americans—20 percent of the U.S. population—lived below the official poverty line, earning less than $3,000 per year. This vexing phenomenon of want amid plenty was first brought to wide public attention in 1962 with the publication of Michael Harrington's *The Other America*, an exposé of poverty in America. It was easier for Harrington and others concerned about poverty to describe the deprivation they observed than to pinpoint its cause. Common explanations in the early 1960s focused either on the cultural nature of poverty or on its roots in economic or structural factors. The culture of poverty was a familiar idea: prolonged deprivation made the poor hopeless and apathetic, incapable of envisioning a better life, and thus unable to take action to improve their lot. The poor were said to exhibit behaviors such as a lack of discipline and an inability to defer gratification, which they transmitted from one generation to the next, creating an unbroken cycle. Structural poverty, on the other hand, had nothing to do with the behavior of the poor themselves; it represented various failures of the economic system to provide adequate employment and income to all. Regardless of which explanation one believed—and many embraced aspects of both—the implication was clear: to address the problem, government action was needed.

Aware of the stir caused by Harrington's book, President John F. Kennedy authorized a federal antipoverty initiative shortly before his death; his focus was Appalachia, one of the most destitute regions of the country. His successor, Lyndon Johnson, soon expanded Kennedy's plan to include the entire nation; in 1964, in rhetoric that reflected the optimism and idealism of the times, he declared "unconditional war on poverty."

Johnson's War on Poverty included the establishment of the Office of Economic Opportunity (OEO), headed by Kennedy's brother-in-law, and the former head of the Peace Corps, Sargent Shriver. The slogan of OEO was "a hand up, not a handout." The OEO did not dispense welfare. It sought to address the problems created by the culture of poverty, to help the poor gain the skills necessary to become gainfully employed and fully participating members of American society. Among the programs OEO established were Headstart, which offered early childhood education to the disadvantaged; the Job Corps, which provided skills training to poor high school students; and legal services for the poor. It also initiated a Community Action Program (CAP), which aimed to break the cycle of poverty by engaging the poor in finding solutions to their own problems.

In addition to OEO's service programs, a significant number of other federal programs were created to address the needs of the poor in the 1960s. Among them were health care for the poor and indigent (Medicaid) as well as for the elderly, poor and rich alike (Medicare); aid to elementary and secondary schools, some of which was targeted at improving the performance of children from low-income families; food stamps; and a number of initiatives to improve housing for the poor, including the creation of the cabinet-level office of Housing and Urban Development (HUD). These initiatives, along with the historic civil rights legislation of 1964 and 1965, were part of a far broader program to improve American society that Johnson dubbed "the Great Society."

The Johnson presidency marked the high point of the antipoverty rhetoric that later became associated with liberalism and big government. But concerted efforts by the federal government to address the issue of poverty in America continued after Johnson left office. Although Republican Richard Nixon dismantled OEO when he became president, he greatly increased Social Security benefits, expanded food stamps, and proposed a Family Assistance Plan to provide government subsidies to all those considered poor, including those who worked as well as those without jobs. Further, the number of Americans on welfare soared during Nixon's presidency. However, the War on Poverty remains closely associated in the public's mind with Johnson, as well as with the 1960s; it is also often conflated by its critics with the Great Society, although that rubric encompasses much more, including such programs as the beautification of America's highways, the creation of public television, and aid to higher education.

How successful was the War on Poverty? Statistics reveal that, by 1970, the national poverty rate had fallen to less than 13 percent from its high of 20 percent a decade earlier. Is this evidence of success? Or, given that so many Americans still remained poor in 1970, a sign of failure? Were some antipoverty programs more effective than others?

Although the War on Poverty initially enjoyed widespread support, it did draw criticism from the left and the right. Those on the left viewed it as a halfway measure at best. They argued that OEO's budget—which amounted to less than 1 percent of the gross national product in those years—was too small to address the problems of one-fifth of the nation. Many were also disappointed with Johnson's refusal to consider large-scale job creation (through New Deal-style public works programs) or the redistribution of income (by taxing the well-off and giving cash payments to the poor). To these critics, Johnson's commitment to creating jobs through tax cuts, and his insistence on "a hand up, not a handout," ignored the structural basis of poverty and was thus unlikely to succeed. Most historians of the War on Poverty have voiced a similar opinion, noting the gap between the rhetoric of ending poverty and the small amount of money devoted to the project.

Those to Johnson's right were also scornful of his War on Poverty. Their criticism gained influence over time with the rise of the conservative political movement (see Chapter 10) and with the tendency, since the mid-1970s, of many voters to favor lower taxes in preference to social welfare programs that benefit the poor. Conservatives charged that the War on Poverty promoted rather than undercut the culture of poverty; as Ronald Reagan liked to quip, America waged a war on poverty and poverty won. These critics on the right claimed that Johnson's antipoverty programs undermined the incentives that traditionally forced the poor to work and, in the case of women, to marry in order to support their children. The War on Poverty was a handout to people who lacked a work ethic, in their view. They linked welfare to "family breakdown"—decreased marriage rates and increased rates of out-of-wedlock births among the poor. Some in

the 1980s, including President Reagan, even claimed that government assistance encouraged unmarried women to have as many children as possible as a way to increase the size of their welfare checks. Many white Americans associated welfare with African Americans, even though a majority of welfare recipients were white; Reagan and others pandered to such preconceptions by using racially loaded terms such as "welfare queen" in making their criticisms. Conservative criticisms reached their apogee with the publication of *Losing Ground* by Charles Murray in 1984; the book was sometimes referred to as the "bible" of the social policymakers in Reagan's administration.

Among the shortcomings of this perspective is that it confuses the Johnson-era War on Poverty with Aid to Families with Dependent Children (AFDC)—what Americans commonly refer to as "welfare," a program created in the 1930s, not in the 1960s, and whose beneficiaries grew in number most dramatically during the Nixon, not the Johnson, presidency. And although federal spending for social programs did rise significantly between 1965 and 1970, the increase in expenditures was almost entirely for programs that are universal, rather than means-tested, and overwhelmingly popular with the American public, such as Medicare and the expansion of Social Security.

Despite these serious flaws, the conservative argument maintained traction and, by the mid-1990s, captured the political center. Perhaps the best evidence of this is that a Democratic president, Bill Clinton, spearheaded welfare "reform," ending in 1996 the legal guarantee of assistance that the AFDC program had made. Ironically, Clinton's stated preference for helping the poor and unemployed through job training rather than through welfare payments had been Lyndon Johnson's and OEO's preference as well. Forty years after the War on Poverty, "a hand up, not a handout" remains the politically acceptable formula for poor relief in the United States.

The first reading in this chapter is an excerpt from historian Allen J. Matusow's *The Unraveling of America: Liberalism in the 1960s*, which was published in the early 1980s, a period when the Great Society, "the Sixties," and more broadly, liberalism and the welfare state came under sharp attack from Reagan and other conservatives. Matusow's view of the Johnson-era effort to address poverty is unremittingly negative; in his words, it was "one of the great failures of twentieth-century liberalism." Although his critique bears some similarity to that of conservatives, Matusow analyzes the limitations of the welfare state from a radical perspective. A central problem of the War on Poverty, in his opinion, was conceptual; administration officials presumed that, in a growing economy, the poor would be lifted up along with everyone else. But in Matusow's view, poverty is a relative condition resulting from inequality of income, and economic growth does nothing to alleviate inequality.

The basis of Matusow's judgment of the Johnson-era antipoverty initiatives, then, is whether they contributed to reducing inequality. Again, Matusow renders a harsh verdict. Johnson's War on Poverty included two approaches: programs that provided government services to ease the difficult lot of impoverished Americans, such as health care, affordable housing, and food stamps; and programs to expand economic opportunity. In the excerpt here, Matusow analyzes Medicare and Medicaid, the health care programs created in 1965 that, of all the Great Society initiatives, drew most heavily on the federal budget. Poor substitutes for universal health care, these programs helped line the pockets of health-care professionals; they did not increase the income of the poor, in Matusow's view. Matusow is even skeptical of claims that these programs, if they did not reduce poverty, at least contributed to improved health, arguing that the reduction in both infant mortality and death rates overall

are attributable to other factors. He also argues, as have conservatives, that the government-run Medicare program actually increased the cost of health care to society, and that the poor and indigent, prior to the creation of Medicare and Medicaid, received good medical attention on a charity basis.

Matusow is equally grim in his assessment of the antipoverty programs that had as their slogan "a hand up, not a handout," and that sought to give the poor the same opportunity as the more privileged to find employment. Although he recognizes the benefits that were provided by Headstart and Legal Services, he deems the Job Corps—the program to teach job skills to the unemployed, which he discusses in this excerpt—to have been misguided and ineffectual.

Although Matusow does concede that the incidence of poverty dropped significantly in the handful of years that President Johnson held office, he attributes this to the booming war economy and not to any of the service or assistance programs initiated by Johnson. A more radical approach to eliminating poverty was needed—one that involved redistributing income from the haves to the have nots—but Johnson, concerned with not alienating middle-class and affluent voters, was not about to take this step and never seriously considered it. Although certain in his diagnosis of failure, Matusow also seems pessimistic about his own prescription for change. Although believing that redistributing wealth is necessary to eliminate poverty, he shares the concern of conservatives that higher taxes on the wealthy could lead to an unacceptable slowdown in economic growth that would ultimately hurt the poor.

The second selection is an excerpt from Michael Katz's *The Undeserving Poor: From the War on Poverty to the War on Welfare.* Written in 1989, after almost a decade of policies and rhetoric unsympathetic to the poor, Katz's book offers a more tempered judgment of the War on Poverty, recognizing how much it actually achieved in light of how harshly society and government can treat the poor. Katz shares Matusow's view that the War on Poverty initiated by Johnson was fundamentally flawed. His criticism, however, focuses not so much on the administration's failure to redistribute wealth as on Johnson's refusal to use government funds to create jobs, despite the view within his administration that a lack of jobs lay at the root of the poverty problem. Thus, like Matusow, Katz sees Johnson's programs as moderate, and in tune, rather than at odds, with the values and aspirations of middle America.

Although Matusow focuses on the Johnson era, Katz includes under the rubric of the War on Poverty all the initiatives that sought to address poverty, including those of the Nixon administration. Katz provides the useful reminder that government spending on welfare actually reached its height in the Nixon, not the Johnson, years. He also notes that the most radical antipoverty initiative of all—the plan to offer direct cash payments rather than services or training to the poor—originated in the Nixon, not the Johnson, administration.

Katz shares Matusow's judgment that the spate of initiatives and programs aimed at the poor not only failed to eliminate poverty but also left many millions mired in economic deprivation. But Katz still finds much to admire. He credits Medicare, Medicaid, and the Nixon-era increases in Social Security payments with lifting millions of older Americans out of poverty. Using quality of life rather than increased income as a yardstick, Katz also lauds Medicare and Medicaid, along with the food stamp and housing programs for improving health, and reducing hunger and overcrowding among millions of America's poor. He concludes that the government programs of the Great Society era were humane and helpful, not only in intention but also in their impact.

ALLEN J. MATUSOW

The Failure of the Welfare State

President Johnson's 1964 declaration of war on poverty precipitated instant controversy. On the right Barry Goldwater attacked the "Santa Claus of the free lunch" and implied that the "attitude or actions" of the poor themselves might be the cause of their problem. On the left socialist Michael Harrington predicted that the likely result of the war would be not to abolish poverty but to enrich the politicians. Skepticism permeated even the great amorphous public, 83 percent of whom, according to Gallup, doubted that the war could ever be won. Nonetheless, Johnson's declaration seemed at the time a master stroke. As policy, it perfectly suited the nation's post-assassination mood of idealism. And, as politics, it embarrassed the Republicans in the midst of the presidential campaign, since to oppose the war seemed tantamount to approving poverty. . . .

Johnson knew, of course, that he was running grave political risk by attacking poverty. There were far more affluent than impoverished voters, which meant that whatever he did for the poor must not impinge on the perceived interests of the middle classes—or else they would destroy him. Accordingly, he went to extraordinary lengths to convince well-heeled voters that his poverty programs conformed to traditional American values, would turn tax eaters into taxpayers, and were designed to forestall radicalism. "What you have and what you own . . ." the president told the Chamber of Commerce, "is not secure when there are men that are idle in their homes and there are young people that are adrift in the streets."

Johnson's commitment to class harmony decisively influenced the administration's answer to the crucial question—what is poverty? In its 1964 annual report the Council of Economic Advisers defined poverty, sensibly enough, as lack of income. If a family of four received $3,000 or less annually it could not maintain "a decent standard of living," hence it was poor. The arresting feature of the Council's definition was its treatment of poverty as a fixed condition with a permanent boundary. Any family able to purchase more than $3,000 worth of goods and service (in constant dollars) was then and thereafter to be considered nonpoor. One corollary of this definition was that, even if the government took no special measures to help the poor, the percentage of people living below the poverty line could be expected to decrease—since economic growth by itself would raise the real income of all classes. This conception of poverty had two political benefits from Lyndon Johnson's point of view: It virtually guaranteed that so long as the economy remained strong his promise to reduce poverty would be kept—regardless of the efficacy of his poverty programs. And, even more important, it meant that fighting poverty did not necessarily require the rich to be cast down, only that the poor be raised up.

From *The Unraveling of America: A History of Liberalism in the 1960s* (1984), by Allen J. Matusow. Reprinted by permission of the author.

Though politically serviceable, the Council's definition of poverty was intellectually indefensible. The concept of poverty as a fixed or absolute condition made sense only for past ages or for developing continents, in which to be poor meant command of resources—food, clothing, shelter—so meager that life itself was threatened. But poverty of this character hardly existed anymore in advanced industrial countries. Though undernourished children did exist in the United States, even among the poor they were the exception. Compared to poor people in Bangladesh or the poor in Western countries only a century ago, most of the American poor enjoyed a living standard that far removed them from the margin of existence. Indeed, poverty in advanced societies differed so radically from other forms that it required a definition quite different from the one advanced by Johnson and his advisers.

The clue to the meaning of modern poverty was embedded in a paradox: real income for all classes of Americans in this century kept growing; yet estimates of the size of the poor population have rarely varied. In 1904 Robert Hunter's classic study estimated that "in all probability, no less than 20 percent" of the population in industrial states was poor "in ordinarily prosperous years." In 1925 economist (later U.S. senator) Paul Douglas established a poverty standard for larger cities that translated into about 20 percent of their population. And in 1964 the Council of Economic Advisers estimated that 20 percent of American families were poor. The poverty line in each of these periods approximated half of median family income. In the mid-1920s when median income was roughly $2,000, the 20 percent of families considered poor by Douglas received $1,000 or less. And in 1963, when median income was $6,000, the poverty line set by the Council of Economic Advisers was $3,000. The bottom 20 percent of American families kept getting richer, thanks to economic growth, but they lagged just as far behind everybody else as before. They were, in short, chasing a moving poverty line—and not gaining.

Contrary to the Council, then, modern poverty was a relative, not a fixed, condition, for the concept of a "decent standard of living" expanded along with the Gross National Product. "Solely as a result of growing affluence," a presidential commission said in 1969, "a society will elevate its notions of what constitutes poverty." Expectations about consumption rose, and so too did the quantity of goods actually required to become a participating member of society. Yesterday's luxuries became today's necessities. At the beginning of the century only wealthy Americans had cars, central heating, or refrigeration. In 1970, 41 percent of *poor* families had cars, 62 percent had central heating, and 99 percent had refrigerators. But by the standards of the 1960s it did not matter that children fighting off rats in the Bronx or coal miners living in shacks in Appalachia or Mrs. Johnson's tenants in Alabama were better off than people living in other times and places or even that some of them drove old cars and had TV sets. What mattered was that they enjoyed so much less of a good life than other contemporary Americans that their condition was generally regarded as pitiable.

If poverty was not a matter of absolute want but of relative deprivation, then its cause was simple enough to grasp. It could only be income inequality. It followed that, to attack poverty, the government would have to reduce inequality, to redistribute income, in short, to raise up the poor by casting down the rich. By American standards, this was radicalism, and nobody in the Johnson White House ever considered it. As Ralph Lampham, staff member of the Council of Economic Advisers, wrote Walter Heller during the earliest phase of planning for the poverty program, "Most people see no political dynamite in the fact that our income distribution at the low end is about the same as it has always been"—the bottom fifth receiving about 5 percent of national income. "Probably a politically acceptable program must avoid completely the use of the term 'inequality' or of the term '*redistribution*' of income or wealth." It was not only the terms that were spurned,

but the policies they implied. So Johnson went off to fight his war declaring that there would be no casualties. As in other wars, of course, so in this one—no casualties, no victories.

In fact, the War on Poverty was destined to be one of the great failures of twentieth-century liberalism. Most of its programs could be grouped under two strategies. One of these emphasized opening new opportunities for poor people either by investing in their education or by investing in areas, like Appalachia, where they were heavily concentrated. The other strategy, recognizing that mere opportunity would not be enough for many of the poor, provided subsidies to increase their consumption of food, shelter, and medical care. The administration hastened to assure that the cost of the new subsidies would be paid painlessly from expanding federal revenues generated by existing tax rates. Taken together, the programs spawned by these two strategies did little to diminish inequality and therefore, by definition, failed measurably to reduce poverty. . . .

The most ambitious effort ever made by the government to furnish in-kind income to some of its citizens was popularly known as Medicare. Climaxing nearly a decade of debate, President Johnson asked Congress in January 1965 to enact compulsory hospital insurance for nearly all persons over sixty-five, financed by contributions to the social security system. After all, advocates argued, old people used hospitals three times as frequently as the non-aged, had average incomes only half as large, and possessed inadequate health insurance. Given the overwhelming liberal majority in the 89th Congress, there was no doubt that this case would prevail. What no one foresaw was that Congress would take Johnson's bill, rewrite it, and legislate a program dramatically more generous.

It was Wilbur Mills, chairman of the House Ways and Means Committee and a Medicare opponent, who took note of the nation's liberal mood and presided over the bill's expansion. Many old persons incorrectly believed that Johnson was proposing to pay all their medical costs, not just hospitalization, and few Congressmen cared to risk the consequence of their disappointment. At a committee session in March, Mills suddenly suggested that some elements of a Republican substitute be reworked and added to the administration's measure. Medicare now would provide not only compulsory hospital insurance for the aged under social security; it would offer voluntary insurance covering doctors and surgical fees, the premiums to be split between the government and the beneficiary. . . .

Almost casually, Mills tacked on a new program that would benefit not the old primarily, but the poor, regardless of age. This was Medicaid, a real antipoverty program that could potentially affect as many people and cost as much money as Medicare, but which received only cursory attention from the Congress enacting it. Medicaid was an appendage of the welfare, not the social security, system. States electing to participate would receive matching grants from the federal government to pay medical bills for two classes of citizens—welfare recipients and the medically indigent. Medically indigent persons were those in certain categories (the blind, the disabled, the aged, or children in single-parent families), who were ineligible for welfare but could not afford to pay for medical care. Conspicuously absent from Medicaid coverage were the working poor. . . .

Like so many other welfare programs, Medicare-Medicaid represented a ruinous accommodation between reformers and vested interests, in this case the organized doctors. So desperate was the American Medical Association to exorcise the specter of socialized medicine that in the climactic final days of congressional debate it paid twenty-three lobbyists a total of $5,000 a day to prevent passage. Though the doctors were no longer strong enough to defeat Medicare, they nevertheless extracted their pound of flesh. HEW's Wilbur Cohen recalled that he had had to pledge to the Ways and Means Committee "that there would be no real controls over hospitals or physicians. . . . I promised very conscientiously that I would see to it there was

no change in the basic health delivery system because so far as the AMA and Congress were concerned, this was sacred." The law, therefore, provided that hospitals would be reimbursed for their reasonable costs and physicians for customary fees. As it turned out, this formula not only guaranteed that the medical profession could continue as before; it guaranteed galloping medical price inflation as well.

The major cause of medical price inflation was health insurance, of which Medicare was only one example. Private health insurance had begun to spread after 1950, and as it did, medical prices spurted upward, especially hospital prices, which account for 40 percent of the nation's health bill. Most hospitals were nonprofit organizations. Before the widespread availability of insurance, hospital administrators had every incentive to keep costs down, because customers (i.e., patients) had to bear most of them. But insurance reduced the net price of hospital services for the patient at the time he consumed them and thereby removed the chief motive for cost restraint. Patients and doctors typically responded to lower net prices by demanding the best or, more accurately, the most expensive care that other people's money could buy. In other words, patients demanded more expensive care than they would elect if they paid all of the bill directly. Administrators could now please doctors by buying the latest equipment, patients by adding amenities, workers by raising wages, trustees with grandiose visions by adding beds—and pass on the added costs in the form of higher prices, increasingly paid through the painless mechanism of insurance. The process fed on itself. "People spend more on health because they are insured and buy more insurance because of the high cost of health care," one economist explained. Insurance was the main reason why, between 1950 and 1965, hospital prices rose 7 percent annually, while the general price level went up less than 2 percent a year.

Doctor's fees, accounting for 20 percent of medical expenditures, also rose in response to the spread of private health insurance. Unlike most hospitals, most doctors were in business for a profit. Insurance reduced the net price of physician services for covered patients, causing demand to increase. Doctors exploited the favorable market by raising fees. Insurance caught on more quickly for hospital than for doctor care; so inflation in doctors' fees was less acute, rising at 3 percent annually from 1950 to 1965. Insurance was not the only reason for medical price inflation, but it was the most important.

With passage of Medicare-Medicaid in 1965, the quantity of insurable services stood on the verge of significant increase. By the logic of medical economics, inflationary pressure on medical prices was bound to mount. The new programs, after all, imposed no cost controls and did not alter the way hospitals and doctors ordinarily conducted their business. Hospital prices, which had risen 7 percent in the year before Medicare, jumped by 14 percent in the year after and continued to rise, on the average, 14 percent annually over the next decade. Physicians' fees rose 7 percent a year.

Medicare not only increased the cost of medicine for society as a whole; it provided far fewer financial benefits for most recipients than was commonly believed. For that small minority of old people who had both long periods of hospitalization and small savings, Medicare was everything it was cracked up to be. But the average aged person was little better off. True, he paid only 29 percent of his medical bills directly out of pocket in 1975, compared to 53 percent before Medicare; but his total bill was also much higher. The average beneficiary spent $237 out of pocket in the year before Medicare and $390 ten years later—in constant dollars almost exactly the same. Aged persons not only had to buy drugs, eye glasses, and dental care, which Medicare did not cover; they expended increasing out-of-pocket sums for physicians' and hospital bills, part of which Medicare did cover. For example, in 1975 beneficiaries paid a

deductible for each stay in a hospital, reaching $104 (up from $40 when the program began); and they paid, on the average, $156 for physician services (up from $66). Some additional expenditure could be explained by increased consumption of medical services and by better services. But, ironically, medical price inflation fueled by Medicare itself helped erode much of Medicare's benefits. So many gaps existed in Medicare's coverage that 24 percent of health care expenditures for the aged in 1970 had to be covered by state and local government, mainly in the form of Medicaid payments.

Medicaid helped states pay for a wide assortment of medical expenses for welfare recipients and the medically indigent. What prompted this generosity on the part of the government is not entirely clear. Most likely, Congress theorized that lack of income was a barrier to treatment. Actually, the poor had not fared all that badly prior to Medicaid, thanks to the willingness of doctors and hospitals to dispense charity medicine. In the last year before Medicaid the hospital admission rate for families with incomes below $3,000 was 107 per 1,000 families; for families with incomes $10,000 and above, it was only 89 per 1,000 families. Before Medicaid, the average low-income person visited a doctor 4.3 times a year—not dramatically less than the 5.1 visits made by high-income persons. Granted that the poor are more frequently ill, these figures do not sustain a thesis of gross inequality. Still, if its purpose was to increase access to medical services, Medicaid succeeded. By 1968 the hospital admission rate for poor families had climbed from 107 to 123 per 1,000, while the admission rate for the affluent fell slightly. And low-income persons now actually saw doctors more frequently than high-income persons (5.6 visits compared to 4.9 visits). The question is, were the benefits worth the cost?

For one thing, Medicaid did not buy a better brand of service than charity medicine had dispensed. The typical doctor shunned Medicaid patients not only from considerations of status and paperwork, but also from income—state governments usually setting fees far below customary charges. In New York City only an estimated 8 percent of the city's 12,000 doctors, often the least capable, accepted Medicaid patients. . . .

Medicaid had other problems as well. While it reduced some inequalities, it created others: annual benefits in 1974 varied from $214 per recipient in Missouri to $911 in Minnesota; 40 percent of the poor were not on welfare and so received no benefits; 30 percent of Medicaid recipients were not poor at all. Fraud haunted the program. Medical entrepreneurs, often in so-called Medicare mills, bilked the government by dispensing unnecessary services or charging for nonexistent services, abuses that cost the state of New York an estimated $250 million annually. And finally, it was absurd on the face of it that nearly $6 of every $10 spent on public assistance in 1975 took the form of Medicaid payments. Undoubtedly, most poor people would have preferred the cash.

In the end Medicare-Medicaid relied on a simple equation: more medicine equals better health. After 1965 death rates resulting from the major diseases dropped sharply, and so did infant mortality rates. Friends of these programs hailed these trends as evidence that increased utilization of medical services by the poor and the aged had paid off. Skeptics had their doubts. After Medicare, old people saw doctors more frequently and stayed in hospitals more days per admission (though their admission rate did not rise). Still, according to one prominent medical economist, "there is no evidence that Medicare has had a significant effect on the mortality rate of the aged." As for the rapidly declining infant mortality rate, it may be linked to the increasing proportion of poor pregnant women who visit doctors in the first trimester, or just as plausibly, to improved birth control techniques that have reduced the number of unwanted births.

Equalitarians had their own standards for judging Medicare and Medicaid. Since some Medicare benefits and all Medicaid benefits aided poor and near-poor persons, these programs appeared to reduce income inequality. Taxpayers lost money income, and the needy gained income in kind. But, as so often happens in the world of welfare, appearances can be deceiving. Most of the government's medical payments on behalf of the poor compensated doctors and hospitals for services once rendered free of charge or at reduced prices. Only that small fraction of Medicare-Medicaid payments purchasing additional services for the poor constituted real additions to their income. Aside from middle-class old persons protected from the financial ravages of long illness, the clearest beneficiaries of Medicare and Medicaid were doctors, who, according to one estimate, enjoyed an average income gain of $3,900 in 1968 as a result of these programs. Medicare-Medicaid, then, primarily transferred income from middle-class taxpayers to middle-class health-care professionals. In this way, once again, the politics of consensus prevailed over the policy of redistribution. . . .

No aspect of poverty worried liberals more than the one million young men, ages sixteen through twenty-one, who were unemployed or out of the work force in 1963. As superfluous labor, this population stood as a threat to the social peace and an indictment of the social system. Years of agitation by reformers to offer these young people special vocational education finally paid off in 1964 when Congress created the Job Corps as part of the Economic Opportunity Act. The Job Corps intended annually to recruit 100,000 unemployed young men and women, remove them far from slum environments, and provide them skills to exploit the abundant opportunities of the American economy. Training would take place either in "urban centers" (most of which were actually abandoned military bases) or, at the insistence of the conservation lobby, in rural conservation camps where the least literate would receive basic education and work experience. Sargent Shriver, director of the Office of Economic Opportunity, waged fierce warfare with the Labor Department to win control of the Job Corps, hoping that it would yield instant results and cover him with quick glory. He never made a greater mistake.

Shriver launched the Job Corps with a major promotional drive to attract recruits, a drive so successful that by mid-1965 the Corps had received 300,000 applications for the available 10,000 slots. Most of the thousands turned away never returned. Shriver tapped some of the most prestigious corporations in America, including General Electric, IBM, Litton Industries, RCA, and Westinghouse to run the urban centers, convinced they would provide the most efficient but innovative training programs possible. The corporations pioneered no pedagogical breakthroughs, and the cost-plus contracts under which they operated offered no incentives for efficiency. Shriver launched the Job Corps, excited by the therapeutic possibilities of residential training centers far from the slum neighborhoods of the recruits. But this experiment never paid off, creating so many problems and generating so much bad publicity at the beginning that the Job Corps never really recovered.

The first recruits typically found themselves 1,200 miles away from home, isolated from members of the opposite sex, subjected to unaccustomed discipline, and disappointed in the Corps's facilities and programs. The first year—1965—troubles abounded. Several corpsmen were arrested at the Atterbury center in Indiana for forcing a fellow trainee to commit sodomy. In Austin, Texas, a trainee on leave from Camp Gary got stabbed in a fight. At Camp Breckinridge in western Kentucky a food riot had to be quelled by federal marshals. Corpsmen were charged with burglaries in Laredo, promiscuity in St. Petersburg, and window smashing in Kalamazoo. Meanwhile congressmen expressed shock on learning that the

average cost per enrollee at a residential center in 1966 exceeded $8,000 and debated whether a Harvard education cost as much. In 1966 Shriver was disappointed when Congress limited Job Corps slots to 45,000, though applicants to fill even this number would soon prove exceedingly difficult to find.

During the second year, the Job Corps solved its worst problems and settled down to dispense vocational education. To its everlasting credit, it recruited from a clientele that nearly every other institution in America had abandoned. One of every four corpsmen had an eighth-grade education or less; more than half were black; all came from poor families. But, while many no doubt benefited from the experience, only a minority emerged notably more employable than before they began. Throughout the first decade, two-thirds of enrollees quit before completing the typical six-to-nine-month course, and nearly half were gone in three months or less. Those who did graduate received better wages and had lower unemployment rates than Corps dropouts but, according to surveys made in 1966 and 1967, did no better in the labor market than "no-shows" (applicants who had been accepted by the Job Corps but had not shown up). Six months after leaving the Corps, 28 percent of *graduates* were unemployed and only one-third had jobs related to their training.

At root, the problem of the Job Corps, as with other government manpower programs, was the nature of the training. It was simply unrealistic to expect any educational institution to take young men and women as culturally handicapped as Job Corps recruits and train them for really good jobs. Corps courses prepared trainees only for entry-level proficiency in occupations such as cook, baker, janitor, welder, construction worker, meat cutter, and auto-body repairer. These were jobs for which employers could easily hire workers from the existing labor pool and provide simple on-the-job training. The probable effect of the Job Corps, therefore, was to give its graduates a slight advantage over other similarly disadvantaged youths competing for the same openings. Because jobs obtained by corpsmen would have gone to someone else, the program had little or no effect on the overall unemployment rate, nor did it achieve much income redistribution, except perhaps from one group of the disadvantaged to another. . . .

In October 1968, during the gloomy twilight of his presidency, Lyndon Johnson entertained a group of regional OEO directors at the White House. "Here are the campaign ribbons that you and I have earned during the past 5 years," he said, whereupon he rattled off figures showing that his administration had moved people out of poverty at "the fastest rate in all of our history." Updated, these figures were his consolation and his vindication. Federal spending on the poor had risen from nearly $12 billion to more than $27 billion in six years. The incidence of poverty had gone down from 20 percent of the population to 12 percent. And 12 million people had moved across the official poverty line. He had had failures along with successes, Johnson admitted, but he could say at the end, as he had at the beginning, "we must continue."

That the war on poverty had much to do with reducing poverty is doubtful. Its programs were too recent to make much difference and too misconceived ever to do so. Indeed, those who most directly benefited were the middle-class doctors, teachers, social workers, builders, and bankers who provided federally subsidized goods and services of sometimes suspect value. The principal cause of the mass migration across the administration's fixed poverty boundary was not the war on poverty but the war in Vietnam. That war helped overheat the economy, generated rapid increases in GNP, and moved the poor up with everybody else, temporarily even a little faster.

Johnson's boast that poverty had diminished was, in any case, only as good as the official definition of the problem. Those who regarded poverty not as a fixed but a relative condition

could argue that no progress at all had occurred. As confirmed by recent opinion surveys, the public continued to regard half of median family income as a realistic poverty line. In 1963, when median income was $6,000 and the poverty line $3,000, 20 percent lived beneath it. In 1976, more than a decade after Johnson launched his poverty war, the median had risen to $15,000, and 20 percent still received less than half. By this view of the matter, income inequality had not been reduced and therefore the extent of poverty had remained constant.

Agreeing that the reduction of inequality was the test of success, some defenders of Johnson's war eventually argued that merely looking at the distribution of money income was not enough. Great Society programs to provide in-kind income to the poor—food stamps, Medicare-Medicaid, housing subsidies—were just as good as money, they said. If the dollar value of in-kind income was added to the money income, the poor received a larger share of national income than if money income alone was considered. Inequality, hence poverty, had diminished after all. The argument was as ingenious as it was spurious. Approximately 85 percent of in-kind income took the form of medical services provided by Medicare-Medicaid. But, since most payments under these programs compensated doctors and hospitals for services previously rendered free of charge or for reduced charges, Medicare-Medicaid added little to the real income of poor people. Of the government's in-kind expenditures, only food stamps were income as good as cash for the poor.

While Great Society programs accomplished little redistribution, older government measures did. Cash transfer programs originating in the New Deal—public assistance, social security, unemployment insurance—provided disproportionate benefits to poor people. In 1972 the bottom 20 percent had only 1.7 percent of national income before transfers but 5.4 percent afterward—not enough to raise them above half the median but a significant addition to income nonetheless. Many reformers came increasingly to advocate more generous cash transfer programs as the way to move families at the bottom of the income scale above the poverty line, no matter how defined.

But, even from the point of view of equalitarians, these schemes posed problems. A reasonable program to lift most American families above even the official, fixed poverty line in 1972 would have required additional tax transfers of $30 to $40 billion. Since there were not all that many rich people, and tax rates at the top were already steep, much of the burden of redistribution would have fallen on families with incomes between $15,000 and $25,000, families not so very affluent. Moreover, redistribution of that magnitude might seriously inhibit the incentive to work. High taxes had not yet encouraged a taste for leisure among earners in the top brackets, but at some undetermined higher level they almost certainly would. The effects of generous cash transfers on the work incentives of low-wage workers were easier to measure. A painstaking experiment in 1971–1972 tested a variety of income-maintenance schemes to aid poor families in Denver and Seattle. Testifying before a dismayed congressional committee in 1978, the director of the study reported a significant work disincentive. "On the average," he said, "we found that the experiments caused a reduction in annual hours of work of about 5 percent for the male heads of families, about 22 percent for wives and 11 percent for female heads of families."

Finally there remained the perennial puzzle of what effect higher taxes would have on the willingness to save and invest. Progressive tax rates had not so far affected the rate of investment, but if high enough would undoubtedly do so. By inducing less work and less investment, more drastic income redistribution would result in less economic growth. Less growth would mean fewer jobs and a slower rise in living standards, important to poor people above all. It was indeed a hard world when redistribution, which alone could reduce the extent of poverty, might in the long run hurt the poor.

MICHAEL B. KATZ

From the War on Poverty to the War on Welfare

Between 1964 and 1972, the federal government unleashed a barrage of new antipoverty programs. Those most directly associated with the Office of Economic Opportunity fought poverty by trying to expand opportunity and empower local communities. Others radically altered procedures for redistributing income. Even though the former never had resources sufficient to realize their goals, spending on distributive social programs—Social Security, Medicare and Medicaid, food stamps, Aid to Families with Dependent Children—escalated until the end of Richard Nixon's first administration.

Public memory, and much subsequent history, treats the War on Poverty harshly. The nation fought a war on poverty and poverty won, has become a summary judgment assented to without reservation even by many liberals. These years deserve a more discriminating verdict. Although social policy did not seriously dent the forces that generate want, although many new programs failed spectacularly and others disappointed their sponsors, the federal government did alleviate the consequences of poverty. Millions of Americans, most of them elderly, who would have remained poor escaped poverty; others whose incomes remained below the poverty line found medical care, food, housing assistance, and income security at a level unprecedented in America's past.

The idea of a comprehensive assault on poverty had been formulated by President John F. Kennedy. On November 23, 1963, the day after Kennedy's assassination, President Lyndon Johnson met with Walter Heller, chairman of the Council of Economic Advisors, and instructed him to continue planning the antipoverty program. Johnson used the phrase "unconditional war on poverty" for the first time on January 8, 1964, in his State of the Union message. On February 1, he appointed Sargent Shriver to direct the new antipoverty program. Shriver, along with a planning committee that drew members from various branches of the federal government, developed a strategy for the program and drafted the Economic Opportunity Act (creating OEO), passed by the Senate on July 23, 1964, and by the House on August 8. President Johnson signed it into law on August 20. . . .

From the start, internal contradictions plagued the War on Poverty. Among the most debilitating was the translation of a structural analysis of poverty into a service-based strategy. As David Austin reflected in 1973: "The issue is really why a service strategy when you had a structural diagnosis." Although the most influential analyses of poverty stressed its roots in unemployment, federal antipoverty planners deliberately avoided programs that created jobs. In his economic report for 1964, Lyndon Johnson summarized the problem of poverty in America in structural terms. His presentation drew on the detailed second chapter of a report by the Council

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of Economic Advisors (CEA), written primarily by Robert Lampman, an economist from the University of Wisconsin and an expert in poverty statistics. Using the most detailed data yet published, the CEA's report argued that economic growth by itself would not eliminate poverty in America. Despite echoes of the culture of poverty thesis, it anchored poverty in income distribution, employment, discrimination, and inadequate transfer payments by government, and it proposed a comprehensive program for its reduction. "By the poor," asserted the report, "we mean those who are not now maintaining a decent standard of living—those whose basic needs exceed their means to satisfy them." It also firmly rejected explanations based on character or heredity: "The idea that the bulk of the poor are condemned to that condition because of innate deficiencies of character or intelligence has not withstood intensive analysis." Those in poverty lacked "the earned income, property income and savings, and transfer payments to meet their minimum needs." Many employed people earned inadequate wages, while other poor people could not work on account of "age, disability, premature death of the principal earner, need to care for children or disabled family members, lack of any saleable skill, lack of motivation, or simply heavy unemployment in the area." For others, low pay reflected racial discrimination or "low productivity" that resulted from inadequate education and skills.

Property and savings income were most important for the elderly, but many had earned too little to save, and about half of them had no hospital insurance. Without such transfer payments as existed, many more families would have been poor. Nonetheless, only half the poor received any transfer payments at all, and the most generous payments (private pensions and Social Security) offered the least help to those employed irregularly or in the worst-paying jobs. Aside from earnings, poverty's roots, according to the report, lay in a "vicious circle." Poverty bred poverty because of "high risks of illness; limitations on mobility; limited access to education, information, and training." As a consequence, parents passed on their poverty to their children. With discrimination often an insurmountable barrier, escaping poverty proved nearly impossible for "American children raised in families accustomed to living on relief."

Despite its structural diagnosis, the Council of Economic Advisors laid the foundation for a War on Poverty based on economic growth, civil rights, and new social and educational services designed to equalize opportunity. The council stressed removing the handicaps that denied the poor "fair access to the expanding incomes of a growing economy" and introducing new federal programs "with special emphasis on prevention and rehabilitation." As for jobs, the council urged their indirect creation through a tax cut that would stimulate the economy.

The CEA report revealed the hallmarks of American liberalism in the early 1960s: an uneasy mix of environmental and cultural explanations of poverty; a continuation of the historic American reliance on education as a solution for social problems; trust in the capacity of government; and faith in the power of experts to design effective public policies. Notably absent were community action and the creation of new jobs by government.

An early poverty warrior, Adam Yarmolinsky, remembered: "You ask yourself do you concentrate on finding jobs for people or preparing people for jobs. There our tactical decision was let's concentrate first on preparing people for jobs." The strategists thought the 1964 tax cut would create jobs; they believed poor people needed a long process of job preparation; and they knew that "it was less expensive to prepare people for jobs than to create jobs for people."

Like other domestic and international policies of the era, this strategy assumed the continuation of growth and abundance, for an antipoverty plan that stressed increased educational opportunity and work preparation depended on the continued expansion and easy availability of jobs. Because growth would stimulate demand and enlarge the available rewards, the

eradication of poverty required no painful reallocation of money and power. In the buoyant economy of the early 1960s this analysis still remained plausible, and an analysis of poverty as primarily a problem of employment reasonably could result in a relatively cheap public policy directed toward equalizing opportunity through education and job preparation.

Not all members of the administration agreed, however. The Department of Labor, led by Secretary Willard Wirtz, proposed a poverty program which stressed employment. Wirtz's objections drew on the Labor Department's commitment to macroeconomic policies based on reducing unemployment, where necessary, through public employment. In 1961, Arthur Goldberg, then secretary of labor, advocated a Full Employment Act of 1961, and Wirtz continued to press this Labor Department position. He "violently attacked" the CEA report, which was "published over his strenuous objection." In a memo to Theodore Sorenson, who had circulated a proposal for a poverty program, Wirtz emphasized: *"The Poverty Program must start out with immediate, priority emphasis on employment* [italics in original]." Because poverty "is a description of income," he argued, the major "single immediate change which the poverty program could bring about in the lives of most of the poor would be to provide the family head with a regular, decently paid job." Job creation did not depend solely on direct action by the federal government. The attack, Wirtz believed, should be launched principally at the *local* level, because *"the private forces are stronger than the public* [italics in original]." The tax bill was "an anti-poverty bill, probably the principal weapon we have." Nonetheless, the problem of unemployment demanded "special programs designed to create useful jobs." Wirtz, in common with other advocates of a poverty program, also stressed health and education, but his emphasis on job creation set the Department of Labor apart from the Council of Economic Advisors.

Wirtz apparently persuaded the staff designing the poverty program, because at the last minute it added a job component. Armed with a proposal for a supplementary tax on cigarettes to finance it, Sargent Shriver presented the plan at a cabinet meeting, where Wirtz also argued vigorously on its behalf. President Johnson, however, wanted neither expanded economic transfers nor direct job creation, and he finessed the question of income transfers by appointing a commission. As for the job creation plan, "I have never seen a colder reception from the president," recalled Adam Yarmolinsky. "He just—absolute blank stare—implied without even opening his mouth that Shriver should move on to the next proposal."

Direct attacks on unemployment never had a serious chance of passage in either the Kennedy or the Johnson administrations. Kennedy did not appoint the most influential advocate of Keynesian policies, John Kenneth Galbraith, to the Council of Economic Advisors. His three appointees, led by Walter Heller, did not share Galbraith's interventionist approach. Instead, they stressed aggregate economic objectives, particularly economic growth. Because they believed tax cuts would achieve their goals most efficiently, the focus of the War on Poverty and the Great Society, as Margaret Weir concludes, "shifted from the structure of the economy to the characteristics of the individual, characteristics that training was supposed to modify." By default, the War on Poverty adopted the culture of poverty.

As finally approved by the president, the poverty program linked two major strategies: equal opportunity and community action. As an antipoverty strategy, equal opportunity stressed improved and expanded services, especially those related to education and job preparation—for example, Operation Headstart for preschool children and the Job Corps for adolescents. (It also led to the massive infusion of funds into the schools attended by poor children, which resulted not from the poverty program itself but from the Elementary and

Secondary Education Act of 1965.) Community action refers to an emphasis on the active participation of community residents in the formulation and administration of programs. Community action required the establishment of local agencies to receive and spend federal funds. As a strategy, it deliberately bypassed existing local political structures, empowered new groups, and challenged existing institutions. . . .

Neither community action nor the War on Poverty's new service programs increased the amount of money spent on social welfare. Nonetheless, between the late 1960s and the early 1970s, the federal government expanded public social spending in five major ways. First, the number of persons receiving Aid to Families with Dependent Children (AFDC) exploded. Second, food stamps became more widely available and free to the poor. Third, through Supplemental Social Security, the aged, blind, and disabled received a guaranteed minimum income. Fourth, Social Security benefits increased dramatically and were linked to inflation. Fifth, Medicaid and Medicare created a system of national health insurance for welfare recipients and the elderly. Still, Congress defeated the most dramatic proposal for expanding public [social] provisions: Richard Nixon's guaranteed minimum income for families. In many ways, Nixon's abortive Family Assistance Plan remains the most interesting part of the story because it was the first major attempt to overhaul the social welfare structure erected in the 1930s. As such, it rested on ideas about antipoverty strategy that differed sharply from the service-based programs of the War on Poverty.

On August 8, 1969, President Richard Nixon proposed a Family Assistance Plan that would guarantee all families with dependent children a minimum yearly income ($1,600 for a family of four). He also proposed that states pay a prescribed federal minimum to disabled, blind, and elderly people eligible for welfare. . . .

Conservatives objected to Nixon's plan because it would expand the number of families eligible for aid and because it violated their beliefs about the limited role of government and the harmful effects of welfare. On the left, opinion divided between those who supported the bill as an important precedent and those who believed its benefits to be woefully inadequate and its workfare provisions punitive.

No such coalition formed to defeat the other expansions of public social provision in the same years. Because everyone grows old, Social Security cuts across class lines and draws on the massive political power of the elderly. As for food stamps, hunger historically has moved Americans more than any form of deprivation. In 1968, after a powerful television documentary on hunger, Senator George McGovern, chair of a new Senate Committee on Nutrition and Human Needs, began public hearings on the issue. By proposing the expansion of the food stamp program, Nixon preempted what otherwise surely would have become a major political issue for the Democrats. Poll after poll has demonstrated that for decades public opinion has favored national health insurance. Without the active opposition of the powerful American medical profession, America would not be the only Western democracy without it. The 1965 passage of Medicare for the elderly and Medicaid for welfare recipients therefore reflected a political compromise, not a major ideological shift.

Unlike the other expansions of public social provision, the explosion of the welfare rolls required only modest legislative changes. In 1960, 745,000 families received AFDC at a cost of less than $1 billion; by 1972, the number of families had become 3 million and the cost had multiplied to $6 billion. The reasons were several. The migration of southern blacks to northern cities increased the number of poor people dependent on cash incomes and reduced the number of subsistence farmers. Starting in 1961, Congress permitted states to extend aid to

families headed by unemployed male parents. (As of 1988, only 28 states had taken advantage of this opportunity, which was a minor factor in the increase.) Some states loosened the standards for eligibility. More important, mobilized by the welfare rights movement, the proportion of poor families applying for welfare increased dramatically, as did the proportion of applicants accepted, which skyrocketed from about 33 percent in the early 1960s to 90 percent in 1971. The latter event reflected the efforts of the nascent welfare rights movement to recast welfare as an entitlement, reduce its stigma, and mobilize poor people to claim assistance as a right. Indeed, welfare rights became a social movement acted out in demonstrations that pressured reluctant welfare officials and in courtrooms where lawyers successfully challenged state laws restricting eligibility.

Welfare rights was a new idea in American social policy. "Prior to the 1960s," writes Rand Rosenblatt in his review of its legislative history, "recipients of benefits under programs such as AFDC were not seen as having 'rights' to benefits or even to a fair process for deciding individual cases." The achievement of welfare rights required both the mobilization of poor people and new legal doctrines. Funded by the poverty program, the Legal Services Corporation for the first time in American history provided poor people with lawyers to act on their behalf. With the example of civil rights victories in the courts, a new generation of welfare and poverty lawyers successfully challenged state laws in the Supreme Court. . . .

Neither the War on Poverty, the Great Society, nor the extension of public social benefits challenged the structure of the American welfare state. Instead, they reinforced the historic distinction between social insurance and public assistance that has defined welfare in America since the 1930s. Social welfare expanded along well-worn tracks. Social Security benefits increased and were indexed. Supplemental Social Insurance, on the other hand, folded programs into a new form of means-tested relief. Congress added a broadened and liberalized food stamp program to public assistance, whose benefits were lower than Social Security. Health insurance also divided into two programs, one part of the social insurance apparatus and the other part of the structure of public assistance. The benefits they provided, and the reimbursement they offered providers, differed sharply.

Social insurance received by far the greatest share of public funds and provided the highest benefits. In 1970, Social Security payments to the elderly, $30.3 billion, already exceeded AFDC payments by about ten times. By 1984, Social Security payments, which were indexed to inflation, had mushroomed to $180.9 billion. AFDC, which was not indexed, had risen to only $8.3 billion.

Although the Great Society did not alter the structure of social welfare, its accomplishments belie contemporary conventional wisdom that either ignores or belittles the great achievements of the era. Between 1965 and 1972, the government transfer programs lifted about half the poor over the poverty line. Between 1959 and 1980, the proportion of elderly poor people dropped, almost entirely as a result of government transfer programs, from 35 percent to 16 percent. Medicare and Medicaid improved health care dramatically. In 1963, one of every five Americans who lived below the poverty line never had been examined by a physician, and poor people used medical facilities far less than others. By 1970, the proportion never examined had dipped to 8 percent, and the proportion visiting a physician annually was about the same as for everyone else. Between 1965 and 1972, poor women began to consult physicians far more often during pregnancy, and infant mortality dropped 33 percent. Food stamps successfully reduced hunger, and housing programs lessened overcrowding and the number of people living in substandard housing.

Of course, there are less sanguine ways to read the evidence: poverty remained unacceptably high; millions of Americans still lacked medical insurance; in the 1980s, housing became a major problem for virtually anyone with a low income; and hunger reappeared as a national disgrace. Indeed, as the rate of poverty before income transfer programs shows, neither public policy nor private enterprise had moderated the great forces that generate poverty in America. At best, they alleviate its effects. Nonetheless, the expansion of public social benefits from 1964 to 1972 transformed the lives of millions of Americans and demonstrated the capacity of government as an agent of social change.

Further Reading

James T. Patterson, *America's War on Poverty, 1900–1994* (Cambridge, MA: Harvard University Press, 1994) and Edward D. Berkowitz, *America's Welfare State: From Roosevelt to Reagan* (Baltimore: The Johns Hopkins University Press, 1991) are highly informative overviews. *Poverty Knowledge: Social Science, Social Policy, and the Poor in Twentieth-Century U.S. History* (Princeton, NJ: Princeton University Press, 2001), by Alice O'Connor, is a challenging intellectual history critical of U.S. practices.

The Moynihan Report and the Politics of Controversy (Cambridge, MA: MIT Press, 1967), by William L. Yancey and Lee Rainwater, is an early account of the debate over "family breakdown." Daniel P. Moynihan expresses many now-familiar criticisms of the OEO in *Maximum Feasible Misunderstanding* (New York: The Free Press, 1969). Charles Murray, *Losing Ground: American Social Policy, 1950–1980* (New York: Basic Books, 1984) takes these criticisms much further and makes them pointedly political; its infelicitous style makes it more likely to have been cited than read.

From the left, Frances Fox Piven and Richard A. Cloward, *Regulating the Poor: The Functions of Public Welfare* (New York: Random House, 1971) offers a provocative, if not easily proven, argument that welfare is intended as a safety valve through which a capitalist society keeps the poor at bay. *Women, the State and Welfare* (Madison: University of Wisconsin Press, 1990), edited by Linda Gordon, is an important collection of essays representing the recent emphasis on gender issues in analysis of the U.S. welfare state. However, most of this new literature deals with the period before 1945. Martha F. Davis, *Brutal Need: Lawyers and the Welfare Rights Movement, 1960–1973* (New Haven, CT: Yale University Press, 1993) focuses on the human actors who pressed "from below" for expanded aid in the 1960s.

As the 1980s ended, works appeared representing a gloomy view on "the underclass "(a new term for the urban poor) and the kind of help they needed. William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987) is the work of a celebrated sociologist. Adolph L. Reed, Jr., furiously refuted the widespread emphasis on family breakdown and included Wilson in his indictment in "The 'Underclass' as Myth and Symbol: The Poverty of Discourse about Poverty," in Reed, *Stirrings in the Jug: Black Politics in the Post-Segregation Era* (Minneapolis: University of Minnesota Press, 1999), 179–96. *Chain Reaction: The Impact of Race, Rights, and Taxes on American Politics* (New York: Norton, 1991), by Thomas Byrne Edsall and Mary B. Edsall, is a detailed account of relevant political developments that shows sympathy for conservative complaints about the welfare state.