

# Looking Back *at the* War on Poverty:

## *A Conversation with Sheldon Danziger*

It is hard to determine whether or not an effort like the War on Poverty has worked when it is veiled in political rhetoric, affected by multiple significant variables, and largely misunderstood. One such variable is that antipoverty programs operate in the context of overall economic conditions. As Danziger explains, “increased productivity of the economy has been captured over the last several decades by the economic elite, and has led to a long period of rising inequality”; this, and not government programs, is why poverty is high. If we are going to make progress against poverty,” the author concludes, “we have to change views about what government programs have accomplished, and we have to change views about why people are poor.”

IN SOME POLITICAL CIRCLES, IT IS AUTOMATICALLY assumed that the War on Poverty was a failure. At the National Urban League conference in July of 2015, former governor of Florida and presidential candidate Jeb Bush described the War on Poverty as a “decades-long effort [that] while well intentioned, has been a losing one. And the casualties can be counted in the millions who never had the chance at work and whose families fell victim to drugs, violence, and the crushing of the spirit.” Arthur Brooks, president of the influential conservative think tank the American Enterprise Institute, described the “failure” of the War on Poverty as one of the reasons for writing his new book, *The Conservative Heart: How to Build a Fairer, Happier, and More Prosperous America*. As Brooks explained, while “there have been some government programs that have alleviated a non-trivial amount of material need [...] the

initiative has been a failure ultimately because it didn’t meet its own original aspirations [...] and] the big-government apparatus we’ve set up in the decades since has failed to meet these aspirations. Policy-makers couldn’t give people what they need and want—earned success, dignity, and a sense of moral worth. Further, it lowered incentives for employment and family formation. So after at least \$15 trillion in spending, we transformed ourselves from a society that had way too much poverty into a society that had less material need but also less work and family.” Representative Paul Ryan, who wrote his own antipoverty plan as chairman of the House Budget Committee, describes the history of the War on Poverty in an interview with John Stossel as “basically managing poverty, and as a result, we’re perpetuating poverty—and so many of these programs end up disincentivizing work.”



Such statements are all basically reprises of Ronald Reagan's assertion in his 1988 State of the Union address: "Some years ago, the federal government declared war on poverty, and poverty won." Reagan was wrong then, and the broad-brush assertions of his political descendants are wrong now. And Sheldon Danziger, president of the Russell Sage Foundation, former director of the Institute for Research on Poverty at the University of Wisconsin–Madison, and former director of the National Poverty Center at the University of Michigan, is well positioned to explain why.

Danziger doesn't deal with political sound bites but rather deep research into this country's anti-poverty efforts. The author, coauthor, and editor of several volumes on the policies, practices, and outcomes of the War on Poverty has examined in exhaustive detail the meaning and relevance of the War on Poverty for today's social policies—particularly in *Fighting Poverty: What Works and What Doesn't* (1986, coedited with Daniel Weinberg), *America Unequal* (1995, coauthored with Peter Gottschalk), and *Legacies of the War on Poverty* (2013, coedited with Martha J. Bailey).

Programs that had their origins in the War on Poverty exist today, with continued significant impacts in urban and rural communities across the country. There are Head Start, Section 8 housing subsidies, Legal Services Corporation programs, food stamps (now SNAP), Medicare and Medicaid, Volunteers in Service to America (VISTA), programs for low-income education, neighborhood health centers, and much more—all of which were created in, or significantly expanded during, the War on Poverty, launched during the administration of President Lyndon Baines Johnson. But the War on Poverty is much more than a list of categorical programs. Johnson thought of the War on Poverty as an integrated bundle of efforts addressing "[p]overty as a national program, requiring improved national organization and support," as he explained in his 1964 State of the Union address. Moreover, the War on Poverty was more than simply programs; it was built on the infrastructure of the mobilization done by the poor themselves through community action agencies that gave voice and power to those constituencies that were to be helped by the programs.



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Danziger’s research dives into the categorical programs of the War on Poverty, the interaction of specific programs with the community infrastructure that was to inculcate and implement them, and the programs that emerged in the ensuing years. To explore what worked and what continues to work in the War on Poverty, Danziger was interviewed by *Nonprofit Quarterly* National Correspondent Rick Cohen, whose own involvement in the War on Poverty was as a young planner for Action for Boston Community Development—one of the original antipoverty agencies—and later as an evaluator, consultant, and technical assistance provider to community action agencies around the nation.

**Rick Cohen:** *With so much polarized political discourse over the decades around matters of public policy, we tend as a nation to forget that in fact we know a great deal about what works and what does not, due to the efforts of the people in the trenches and the academic researchers, historians, and journalists tracking those efforts over the years. The War on Poverty, a subject that you have done much research on, of course, is one such public program that politicians argue over. Can you talk a little about what you think are the lessons of the War on Poverty in terms of what worked and where that takes us today?*

**Sheldon Danziger:** It is important to recognize that antipoverty programs operate in the context of overall economic conditions. Prior to President Johnson’s launching the War on Poverty, journalists and scholars—most notably Michael Harrington, in his book *The Other America*, and John Kenneth Galbraith, in *The Affluent Society*—pointed out that even though the American economy had grown rapidly from the end of World War II into the 1960s, there were many people being left behind. So, the War on Poverty was premised on the assumption that because the economy had grown steadily for the quarter century after World War II, the new poverty programs would just have to bring those left out into the economic mainstream.

This was a period during which a rising tide did lift all boats, with wages adjusted for inflation increasing across the occupation and education

spectrum for blue-collar workers with a high school degree and managers with a college degree. This golden age of the economy was the background against which the War on Poverty was launched. Johnson’s economic advisers assumed that this economy would continue. The focus in the Johnson programs was on bringing people into the mainstream by increasing their education and, most importantly, reducing discrimination, so that those who had been left behind could now move forward.

The War on Poverty was closely linked with the civil rights movement. For example, Head Start would increase school readiness, the Job Corps would increase employability, and the first federal aid for scholarships in higher education would increase college attendance. All of these programs sought to build human capital to raise the earnings of the next generation of workers. In addition, many of the programs raised the incomes of the poor or expanded their access to basic services. These included the Food Stamp Program, Medicare, Medicaid, increases in the minimum wage, and increased Social Security benefits. All of these programs and policies were put in place in the early years of the War on Poverty; almost all of them still exist today. Taken as a whole, many were successful in the sense that they have reduced poverty.

Now, you might ask, “How can you say that they have reduced poverty if the poverty rate today is about the same as it was forty-five years ago? How can you say these programs are effective if the poverty rate is high?” The research clearly makes these points. It is the political discourse that is wrong, because it views the War on Poverty in isolation and ignores what has happened in the economy at large since the early 1970s. Ronald Reagan famously said, “The government fought a War on Poverty and poverty won,” suggesting that poverty won because the government programs were flawed. A long line of Republican politicians continue to make the exact same case. However, the research evidence says that poverty is high because in the 1970s a rising tide stopped lifting all boats. Indeed, most of the benefits of economic growth for the last almost-forty years have gone to the economic elite. Workers with a high school

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degree or less have been left behind; their wages adjusted for inflation are lower; and fewer have employer-provided health insurance and pensions than was the case in the 1970s.

In the War on Poverty era, economic growth each year was reducing poverty, and the poverty programs reduced poverty as well. The economy and poverty programs were complementing each other. Indeed, the official poverty rate fell substantially in the decade after the War on Poverty, hitting its low point in the early 1970s. Since then, in many years the economy has been increasing, not reducing, poverty, with government programs offsetting some of that increase. Because the economy and the poverty programs are working in opposite directions, you end up with a roughly constant poverty rate that rises during recessions and falls during recoveries, but remains above the rate of the early 1970s. The poverty-increasing factor today has been the slow growth and rising inequality in the economy. This is not in dispute. Even full-time, full-year workers today earn more than they did at the turn of the twenty-first century. The problem is that the political discourse fails to place the history of the antipoverty programs into the economic context.

**RC:** *I would assume, though, that the measurement of what is poverty also has to be addressed.*

**SD:** Certainly. One reason that antipoverty programs are considered ineffective is that our official poverty measure does not count noncash benefits like food stamps (now the Supplemental Nutrition Assistance Program, SNAP) and the earned income tax credit (EITC). These are among the largest programs for poor families with children, and a modernized poverty measure shows that they take millions out of poverty. Our current measure was adopted during the Johnson administration based on research done in the early 1960s by Mollie Orshansky, a Social Security Administration researcher. At the time, most government aid was provided in cash, so no one objected when the poverty line was based on cash income.

**RC:** *So, if you did account for them, you'd have a different calculation.*

**SD:** That's right. There is very good research by Jane Waldfogel and her colleagues at Columbia University—published in the summer 2015 issue of the *Journal of Policy Analysis and Management*—that shows that poverty has declined substantially since the War on Poverty because of these noncash government programs.

There is an important point that no one disputes, even though it is ignored by all of those who say poverty won. And that is, the most successful outcome of the War on Poverty was the dramatic decline in poverty among the elderly. The rapid expansions of Social Security benefits, the indexing of Social Security benefits to inflation, and the introduction of Medicare and Medicaid meant that by the early 1970s, the elderly had a European-style safety net. That is, they are now protected from inflation and from economic and health shocks. In contrast, the typical *worker* is not protected from inflation or economic or health shocks. The wages of workers have stayed relatively constant because the minimum wage has not kept up with inflation and firms have chosen to keep profits high by holding wages down. There have been some gains for workers regarding health shocks in the last few years because of the Affordable Care Act, known as Obamacare. If you have the good fortune of living in one of the states that has adopted Obamacare's Medicaid expansion, you will now have access to coverage if you are poor or near poor, and it is less likely that you will end up in bankruptcy as a result of a health shock.

**RC:** *It strikes me that a distinction between the programs for the elderly and other kinds of programs is that the programs for the elderly were universal for that age group. I mean, you hit Medicare age and you were covered, whether or not you were poor or likely to be poor.*

**SD:** That's certainly true. The one exception to that, which I didn't mention previously, is the Supplemental Security Income program (SSI), which was passed during the Richard Nixon administration. In 1969, President Nixon, influenced by Daniel Patrick Moynihan (who was then a key domestic policy advisor), proposed the Family

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Assistance Plan (FAP)—a guaranteed annual income for all of the poor. FAP was rejected, but SSI, a guaranteed annual income for the elderly, blind, and disabled poor, passed. At the time, many of the elderly weren't covered by Social Security—for example, farmworkers and domestic workers had been exempted for many years due to opposition from Southern legislators. SSI was very important—particularly for elderly blacks in the South—because many had been employed in uncovered occupations. They became eligible for a minimum income under SSI.

**RC:** *But, if we take SSI out of the equation for a moment, it seems like there were two different kinds of models here. One was a model of programs specifically targeted to people in need, and other models were more universal—that is, of programs that were either covering people of a particular group regardless of their economic circumstances or were trying to be preventive so that the group in question would not fall into poverty. Is there a sense of whether the targeted programs or the universal programs were more effective? Is there a political or an economic analysis regarding which were more effective?*

**SD:** It's hard to sort this out for the following reason. Americans are more likely to approve of universal programs for the elderly, because there is widespread agreement that the elderly are not expected to work. The current retirement age has increased from sixty-five for my parents' generation to sixty-six for my generation to sixty-seven for my children's generation. Some politicians have proposed raising the retirement age even further, but this is not a popular proposal. In contrast, there is a long American tradition of suspicion about the poor. Liberals [though] tend to think that the poor aren't working because they don't have the skills employers demand or employers don't want to hire certain people, such as welfare recipients or released prisoners. Given the disagreement about why people are poor, it is difficult for Americans to accept universal programs across the board.

In addition, many economists suggest that universal programs are economically inefficient

but more popular because many of the benefits get captured by the affluent. Consider the mortgage interest deduction in the federal income tax, which is universal. If a typical worker buys a house for \$120,000 at 4 percent interest, he or she would deduct roughly \$4,000 a year from taxable income on a \$100,000 loan. If someone else buys a home that is ten times that value and has a \$1 million loan, they can deduct \$40,000. In fact, a very large percentage of the value of the homeowner deduction benefits the economic elite.

Americans are less likely to back universal programs than are Europeans—in part because Europeans are much more likely to say that poor people are poor through no fault of their own. For example, when the global economy fell into recession in 2008, it was clear that many people were laid off because their employer went bankrupt, not because they were too lazy to work. At the time, I actually thought that the recession was so severe that politicians and the public might gain a more positive view about the importance of unemployment insurance, a universal program for laid off workers. In fact, the reverse occurred. In 2009, the American Recovery and Reinvestment Act—also known as the “stimulus”—modernized and updated the unemployment insurance program. As the number of those getting benefits increased, you began hearing politicians claim that unemployment insurance is like a hammock, allowing people to avoid going back to work. In recent years, a number of states cut back their programs and now provide fewer weeks of coverage than they did *before* the Great Recession. This example suggests that we don't have universal programs because Americans tend to blame the poor and unemployed themselves, and not external economic factors, for their circumstances.

**RC:** *As a junior-level person working at Action for Boston Community Development during the War on Poverty years, I remember very clearly President Johnson saying that part of the reason for having a War on Poverty was that we were a “great society” with the resources to try to eradicate poverty. At the time, it felt like there was a significant increase in the governmental provision of financial resources for the War on Poverty*

*programs, reflecting LBJ's perspective that this was what an affluent nation like ours could and should do.*

**SD:** That's right—there was a massive increase in government support due to Johnson's initiatives. Another neglected lesson from the War on Poverty is that only federal action could achieve the goals President Johnson set out. Unfortunately, many conservatives who claim that the War on Poverty was a failure also want to give more control over antipoverty programs like food stamps and Medicaid to the states. Johnson realized that the states could not afford to fund these programs with their own funds, and that, if there weren't federal controls, some states would make choices that would hurt the poor.

Consider what happened when Medicare was passed. The hospitals realized there were millions of uninsured elderly people who were going to get covered by Medicare. However, the Johnson administration said that no Medicare payments would be made to segregated hospitals. This ruling led to the eventual desegregation of hospitals throughout the South, which would never have happened if the states had controlled the rules. There is now research documenting that because Medicare led to hospital desegregation, large numbers of black women gave birth in hospitals instead of at home, and black infant mortality declined. The Johnson administration carried out a similar policy for local schools that would get federal funding from the Elementary and Secondary Education Act—no funds for segregated schools.

There is also recent research showing that when the Food Stamp Program was rolled out, child health and education attainment subsequently increased, and research that shows that the introduction of Head Start improved the long-run education of poor children.

**RC:** *It seems like one of the elements of the War on Poverty that you are describing is not that the hospitals were doing something different in the way they treated people; it was that the people who previously hadn't been allowed to go to the hospitals suddenly had access. So in a way, it was an institutional kind of*

*pivot—guaranteeing all and not just some poor people access to services—as opposed to a pivot of technique in the way we treat poverty.*

**SD:** Yes, that's exactly right. The Johnson administration was not a radical administration. It gets criticized on the right for spending too much money, and on the left for not making big structural changes in economic relations. It was very much focused on providing opportunities to those who had been left behind. The War on Poverty had a broad vision that included strategies for maintaining high employment and accelerating economic growth (both Keynesian macroeconomic goals), improving regional economies, rehabilitating urban and rural communities, improving labor markets, expanding educational opportunities and opportunities for youth, improving the nation's health, promoting education and training, and assisting the aged and disabled.

Fighting discrimination was a new and important priority that was part of this vision. When I talked about my book [*Legacies of the War on Poverty*] on Jesse Jackson's Chicago radio show, Jackson made the point that Johnson is underappreciated by the Democrats because everybody associates him with Vietnam, and they don't give him enough credit for having used government policy to simultaneously fight discrimination and poverty.

Johnson didn't do anything about providing jobs for the unemployed. The historical record shows that Willard Wirtz, the secretary of labor, and Daniel Patrick Moynihan (who at the time was an assistant secretary of labor) were pushing for a public jobs program. But Johnson didn't think you needed a Great Depression/Works Progress Administration-type jobs program, primarily because his economic advisers were optimistic that a rising tide would continue to lift all boats. With a growing economy, they assumed that if you gave people the skills and reduced the discrimination against them, they would get jobs in the mainstream economy. As a result, the Johnson administration did not set out to do anything about changing the mainstream economy or strengthening unions. It was very much a view that the War on Poverty would get the people who had been left

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behind into boats, so that their boats would rise along with everyone else's.

**RC:** *While he was the undersecretary of labor, Daniel Patrick Moynihan wrote his famous report on the state of the black family. . . .*

**SD:** So many people emphasize that by talking about a culture of pathology he was insulting black families. They tend to neglect that his core policy proposal was to provide public jobs. Early on, Moynihan was a proponent of a job strategy; and then, under Nixon, he got Nixon to propose a guaranteed annual income, which President Johnson had not endorsed.

**RC:** *But many people picked up on or went with the theory that Moynihan was saying that the problem was the structure and behavior of the black family—and I'm holding aside here his policy recommendation, as opposed to an institutional strategy that you're describing was the key to the Johnson administration's program. Did Moynihan's theory change the way that the War on Poverty programs were implemented?*

**SD:** I don't think so. Moynihan's theory had a larger effect in academia and on the research that academics did. About two decades later, William Julius Wilson refocused attention on both family structure changes and the loss of good jobs in our inner cities.

Many of the largest War on Poverty programs that Johnson launched have kept similar form and grown over time—for example, Head Start, food stamps, federal aid to education. There are some Johnson programs that have not grown over time—for example, the Legal Services Corporation and the Community Action Agencies. These organizations filed suits against discriminatory housing policies and welfare rules that contributed to an expansion of the welfare rolls, even though Johnson had not proposed major reforms in Aid to Families with Dependent Children. For example, a rule said that if you moved from Mississippi to Chicago, you were only entitled to the welfare benefit in Mississippi, not to the higher benefit in Chicago. There were “man in the house” rules that

were used to close a welfare case if any man was spending nights with the mother. There were a number of important Supreme Court rulings that limited state discretion that was often used to keep black families off of welfare. These legal actions contributed to a growth in the welfare rolls and to a backlash against welfare that doomed Nixon's Family Assistance Plan and ultimately led to the restrictive 1996 welfare reform.

**RC:** *You say that many of the programs from the War on Poverty have stayed similar or increased over time, but in mentioning legal services and community action. . . .*

**SD:** Yes, community action is one program area that the Nixon administration sought to constrain when it eliminated the Office of Economic Opportunity. Legal Services still exists and is a thorn in the side of conservatives. Reagan tried to cut it back. What Legal Services can do has been greatly cut back. Federal support for community action agencies has also declined.

**RC:** *There are still around 1,100 community action agencies. How critical to the success of the War on Poverty was community action—the idea of an antipoverty agency that was separate from local authorities, at least until the Model Cities Program came about? How important was that institutional role in effecting the kind of antipoverty changes that occurred through these various War on Poverty programs you have studied?*

**SD:** Those were the programs that in the decade following the War on Poverty had challenged the local political structures that, in many cases, were discriminatory. But the large federal programs—Head Start, Pell Grants, Elementary and Secondary Education Act, Medicare, Medicaid, Community Health Centers—actually have stayed and been expanded. The Food Stamp Program was even expanded under President George W. Bush.

The question is: Had the community action agencies not been diminished, would they have been able to do even more to help the poor? And that's a hypothetical question. I think it would be

wrong to say that because those programs were shut down, the War on Poverty was shut down. Certainly, those programs mobilized the poor and welfare recipients. They mobilized voting rights campaigns. Peter Eisinger's research shows that among black elected public officials, a very large percentage had worked in community action agencies or other War on Poverty programs. These include some of the first black mayors and city council members in many cities.

**RC:** *Presidential candidate Bernie Sanders recently tried to give a speech that was disrupted by a Black Lives Matter Movement protest claiming that his economic solutions—his recommendations calling for different kinds of employment programs and trying to address economic disparities—were not addressing issues of race or were really somewhat beside the point, and that race was a different issue. The protesters' contention was that racial discrimination and racial disparities were not really being addressed by solutions that are economic solutions addressing poverty. Have conditions changed today so that the lessons of the War on Poverty have something to say about the current issues of racial disparities and economic disparities and how to address them?*

**SD:** They're clearly connected in the following sense: If you propose a higher minimum wage, as Bernie Sanders does, the beneficiaries are going to be disproportionately African Americans, Latinos, women, and people with a high school degree or less. So, this is very reminiscent of the policy proposals put forward by William Julius Wilson, in *When Work Disappears: The World of the New Urban Poor*. He made the case that there are race-specific policies and there are race-neutral policies, and both of them can close disparities. A rise in the minimum wage, an increase in the earned income tax credit, and Obamacare are race-neutral policies that have disproportionate effects on racial and ethnic minorities, because these minorities are disproportionately poor.

A rise in the minimum wage, however, is not going to have an effect on police behavior. If police and the courts are treating African Americans and

Latinos differently from whites, then you need a race-specific policy change. The recent shooting deaths of unarmed black men remind us that we are closer to 1965 in terms of equal opportunity than we think we are.

The race-neutral expansion of economic opportunities can do a lot to reduce minority poverty, but voting rights is another area where there's been a reversal of progress. The public schools are another race-specific problem, where there are examples of some school districts, when required to desegregate their public schools, ending up reducing spending on public schools and fostering the growth of segregated private schools. The racial disparities in getting an equal education remain much larger than one would have thought after the progress that occurred in the decade after the enactment of the Civil Rights Act of 1965.

**RC:** *So, your perspective is that in order to deal with some of the racial dimensions of economic poverty problems, the combination of targeted and neutral programs has to be done. It's not one or the other?*

**SD:** I don't think it's one or the other. I have long been a proponent of a public jobs program of last resort, similar to what Moynihan was proposing in the War on Poverty era. The last time we had a major public jobs program was during the Carter administration—the Comprehensive Employment and Training Act (CETA). It provided around a million jobs and a lot of summer jobs for poor inner city youth who could not get private employers to hire them. These jobs of last resort are more important today because of the economic changes that have taken place over the past forty-five years. For example, labor-saving technological changes have increased demand for skills, and changes in employer hiring practices have left behind a lot of people, who end up having long spells of unemployment. If we live in a world in which we say to the poor and the unemployed that we expect you to work and that we no longer provide cash welfare, then I think it's fair to say we're going to offer you opportunities to work to support your family. Whether it's the long-term unemployed or ex-offenders or people with low skills,

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a jobs-of-last-resort program is race-neutral but would disproportionately affect racial and ethnic minorities. For example, many firms say they're not going to hire people who are ex-offenders. A low-wage job of last resort that would be available to ex-offenders would be a race-neutral policy, but it would disproportionately benefit African Americans and Latinos, who are disproportionately victims of the criminal justice system. And overincarceration is one of the few areas for optimism now, because conservatives have realized that we're wasting a lot of public money. They always want to cut government spending, and if we start sending fewer people to jail and save the money, that would be beneficial both for society as well as for those who do not get incarcerated unnecessarily.

**RC:** *Let's stay on the jobs issue for a moment, but leave aside the issue of a public jobs program and look at job training and job placement programs. Last year, President Obama tasked Vice President Biden with reviewing our nation's job training and job placement programs to figure out what worked and what didn't. I don't get a strong sense that workforce development has been an area of significant success in the history of the War on Poverty. Am I reading that incorrectly?*

**SD:** No, you're reading it right. Employment and training programs have fallen far short of what was expected of them by the Johnson administration. In part, it is difficult to know what to train people for in a world where the economy is changing so rapidly. And we live in a world in which skill demands have increased. I'm fortunate enough, being a computer dummy, that I have a job where the IT staff provides the services I need to carry out my work. But consider someone working on a manufacturing line that changes from one in which humans did all the work in 1975 to one in which robots do a lot of the work in 2015. If I don't have the technical skills that are now required, I am going to be laid off. There is now a greater burden on individual workers and public job training programs, because employers are not providing much on-the-job training.

**RC:** *So is there an alternative, or is the only alternative really a public jobs program?*

**SD:** There is a long-standing belief in the power of education to help people get good jobs. During the War on Poverty era, the goal was to get everyone a high school degree. Today, there is a realization that many good jobs require a technical certificate or a community college degree. For example, you may have to attend a community college to learn air conditioning/heating repair, or welding, or to work in a hospital. Previously, you might have learned these skills in an apprenticeship program run by a union or an employer. This is an example of a change in employer practices that has made it harder for workers with only a high school degree to get and keep well-paying jobs.

**RC:** *Again, then, you're talking about an institutional change—that because employers are not providing that kind of training anymore for their employees and in part because the economy has changed, a new institutional response was needed, and community colleges have filled this void. But to go back to one of your earlier points, you mentioned that the presumption that there was a growing economy that would lift all boats was an important theory during the War on Poverty, but that in our current economy, the postrecession economy in particular, wage growth has stagnated or even declined. The number of long-term unemployed has increased, and although we have lower unemployment, we have higher long-term unemployment. Given that the change in our economy doesn't seem to be for the positive in that sense, does this affect the way you would propose prescriptions for an antipoverty program going forward?*

**SD:** Sure. My defense of the War on Poverty as successful is essentially an argument that the expanded programs have been effective because if they had not expanded, poverty would be even higher today. In an economy in which a rising tide lifts all boats, it's less important to have the government raise the minimum wage, because firms are raising wages as productivity increases. That's the way the economy worked in the quarter

century after World War II, and it's how economics textbooks say it's supposed to work. But, in a world of labor-saving technological changes, declining unions, and changing employer practices, many jobs are disappearing and wages are not rising when productivity increases. Many of these changes benefit consumers but make work more precarious. For example, I can now get a book from Amazon with the click of a mouse and save the hour it would have taken me to walk from my office to the local bookstore; but, in the process, the local bookstore went bankrupt and workers were laid off. I can get an Uber to pick me up in places where there aren't many taxis; but the Uber drivers are independent contractors, and the earnings of cab drivers are falling.

Instead of a rising tide lifting all boats, the increased productivity of the economy has been captured over the last several decades by the economic elite, and has led to a long period of rising inequality. This was not the environment that the War on Poverty era was launched into. In other words, poverty is high because of the failure of the economy to benefit the average worker, not because of government programs. That's why I say I think we need a jobs program of last resort—because in a world of labor-saving technological change, declining unionization, and changing employer practices, there are a lot of people firms aren't very interested in hiring.

**RC:** *When you reference Uber and so forth, you're talking about a structure of the economy that is a casualization of employment, where people are not guaranteed hours, they may not be given benefits, they work as contractors rather than employees, they're not unionized. In my understanding of the economy, union membership has been a major step toward increasing the economic status for working people—so, even if you have a jobs program of last resort, much of the structure of the economy seems to be working against the kind of larger eradication of poverty that was envisioned by the War on Poverty.*

**SD:** I think that the issue is, what are the labor market policies that should be put in place in the

twenty-first century, given the kinds of technological changes that have taken place? There are many economists who have written about changes in labor relations laws that would make it easier for workers to unionize; there are many workers who would like to unionize, but our current laws make it very difficult for them to organize.

**RC:** *So, where does that leave us? What would you say our government needs to do now to make progress in eradicating poverty, at a time in which economic inequalities are growing rather than decreasing?*

**SD:** There are a series of what I call “modest” policy changes that would raise the well-being of people at the bottom of the income distribution. These could have a large effect on poverty, even if they have a small effect on inequality. Consider an increase in the minimum wage to \$10 per hour now, with a gradual increase over a number of years to \$15. It would also help if the states that have refused to expand Obamacare would do so. We now have evidence that Obamacare enabled millions of people to get health insurance coverage. An increase in the earned income tax credit for workers without children is something that both Paul Ryan and the President have endorsed. Where they disagree is how to pay for it. Maintaining the food stamp program as it is, making sure that you don't put a work test into food stamps, is also important. There are people who say that we successfully reformed welfare by implementing work requirements and that we should do the same for food stamps, but I think that would be a disaster. What's happened in the aftermath of welfare reform is that there are many people who can only get food stamps and Medicaid. The work requirements in welfare reform did lead to an increase in the number of single mothers who worked; but it also led to an increase in the numbers of people who could not get welfare anymore and who could not find a job. Many of these people now receive only food stamps and Medicaid. If work requirements were implemented in food stamps, it is likely that many of the people would not be able to find jobs and would have no public support at all, except Medicaid.

Instead of a rising tide lifting all boats, the increased productivity of the economy has been captured over the last several decades by the economic elite, and has led to a long period of rising inequality. This was not the environment that the War on Poverty era was launched into.

If we are going to make progress against poverty, we have to change views about what government programs have accomplished, and we have to change views about why people are poor. This requires a new appreciation of how the economy, globalization, technological change, and employer practices have contributed to our era of rising inequality.

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And the policy that requires a bigger leap in the current policy context is jobs of last resort. Getting a million people into jobs paying the minimum wage would cost a significant amount of money. So would an expansion of early childhood education. But, if you want more parents to go to work, you've got to do something about increasing subsidies for child care. There are many programs consistent with the War on Poverty that could expand without radically changing the economy at large. That's very much in the spirit of the War on Poverty.

The Head Start program focused on getting kids ready for kindergarten by funding the program for poor four- and five-year-olds. Well, Early Head Start exists today. I'm a grandparent. I see how much my children and their friends pay for preschool so that the parents can work. Even college-graduate couples working in good jobs have a difficult time paying for day care. It is impossible for a family with minimum wage workers to put a two-year-old in child care without substantial public subsidies. If President Johnson had known about the importance of early childhood education the way we do now, I think he would have proposed Early Head Start from birth to five—not just from four to five.

A renewed effort in the spirit of the War on Poverty does not require a radical revision of the way the economy operates, in the sense that Johnson was not interested in a radical revision of the economy. Instead, public policies can raise the well-being of the bottom of the income distribution to what he would have said were minimum standards of decency.

**RC:** *So, many people believe that the War on Poverty didn't work, with the broader implication that government doesn't work, government programs don't work.*

**SD:** That's correct, and that's been the mantra since the Reagan years. We've had thirty-five years in which many politicians have stated, without reference to the research, that government is the problem and that there should be no new taxes and that we should let the market economy solve the poverty problem. In contrast, President

Johnson launched the War on Poverty by pointing out that economic growth on its own would not eliminate poverty. He believed in the market economy, but he understood that you needed both economic growth and antipoverty programs working together.

**RC:** *That means working within how the economy operates, but changing the perception of the efficacy of government, right?*

**SD:** If we are going to make progress against poverty, we have to change views about what government programs have accomplished and we have to change views about why people are poor. This requires a new appreciation of how the economy, globalization, technological change, and employer practices have contributed to our era of rising inequality. Many people still think that a rising tide will lift all boats, but we live in an economy in which productivity increases no longer trickle down to workers.

**RC:** *Paul Ryan's most recent antipoverty proposals seem to turn Johnson on his head, don't they? Rather than a national commitment, he says, let's give back to the states . . .*

**SD:** Yes, and that's exactly what is wrong. Consider what has occurred since the Supreme Court said that states were free to accept or reject the Medicaid expansion in the Affordable Care Act. Many states have refused to take federal funds that would provide coverage to the uninsured. Many of these states are cutting back unemployment insurance and restricting people's ability to vote. Johnson didn't trust the states to do the right thing when it came to helping the poor and protecting the rights of African Americans. I have no problem with providing some discretion to the states; however, if we give *most* of the responsibility for antipoverty programs to the states, I would expect a significant shrinking of the safety net.

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