

Welcome, you are listening to a UC Davis Center for Poverty Research Conference podcast. I am the center's Deputy Director, Mary Ann Paige. In January 2014, the center hosted the War on Poverty Conference. The conference hosted top poverty experts from across the country, to discuss the U.S. safety net on the 50 year anniversary of the war on poverty.

In this presentation, Martha Bailey presents a quantitative analysis, of the war on poverty's political economy. Bailey is an associate professor of economics and a research associate professor, at the Population Study Center at the University of Michigan. She is also a research associate with the National Bureau of Economic Research.

>> I'm gonna start by talking, I'm gonna apologize to my. Because I'm gonna talk about things that are not in the paper. And I've actually completely, I've been really struggling with this paper. And even though it's been conditionally accepted, I still am not happy with the way it is, and I think I'm gonna revamp it, so.

So, so, hey just to tell you but cuz I think it's really important, and I'm but I'm not quite sure how to do it. So this morning I got up, I was kind of struggling with how I was gonna talk about it. And so I totally redid it.

And so I'm really interested in hearing not, not the analysis, but the way I'm thinking about the analysis. And I'm gonna talk to you about that today. So sorry I gave it in advance, but I'm sure your comments will still be just as important. But the other thing I wanted to start by talking about is what an exciting week this has been for the war on poverty.

And for a lot of you who have been working on this for quite some time, I think this is the first time where I've really seen social scientists, and solid research inform a lot of the talking points that we've seen. So, as part of, leading up to the release of our book.

Or actually to the publicity that Russell Sage was gonna do for our book. I did, I did a lot of research, so, so Sheldon, in the interim stopped working at the University of Michigan and now, is now President of the Russell Sage Foundation. And that has several implications.

Our, my thinking of our division of labor would be that, I would do a lot of the writing and analysis, and he would talk to the press. Now when he became President of the Russell Sage Foundation, turned out he had another job. And that meant that I had to take a lot more of the press, and all these things.

So I spent a lot of time thinking about, what is gonna happen when the War on Poverty anniversary comes? What will I say? I'm such a rookie. I have no idea what I am doing. So, I did a lot of looking at, what had happened in previous anniversaries, so I could prepare myself for the discussion.

What are the hard questions you are gonna get. What's gonna go on? And I was prepared for that. But, what I was not prepared for is the way, the discussion really took on a different shape this week. Actually I was really excited to see Paul Croogman write that in his column.

I wanted to kind of start by thinking of about this, so he says 50 years ago. Wait, lets see if I can get this to work. Have passed since Linden Johnson declared war on poverty, a funny thing happened, on the way to this anniversary. Suddenly or so it seems, progressives have stopped apologizing for their efforts.

I think all this is on behalf of the ca, the poor. And they started trumpeting them instead. And conservatives find themselves on the defensive. It wasn't supposed to be this way. We know the way it was supposed to be, and that's actually what I learned when I was looking back at a lot of the stuff on the anniversaries.

For a long time, everyone knew a more accurate. Right that world poverty had been an abject failure, and they knew why. It was the fault of the poor themselves. But everyone, but what everyone knew wasn't true. Hold on. And the public seems to have caught it. Okay, the narrative went like this.

Anti-poverty programs haven't actually reduced poverty, because poverty in America was still basically a social problem for a lot of reasons. And the impact of this means that defending the poor, or talking about poverty was bad politics on both sides. It's been this really bad word for a very long time.

I think that changed this week. So anyways I. I'm really excited to see a lot of everyone, who's been working on this for a long time work in the news. It's so exciting. And I think it's really exciting when a lot of the stuff that we work on all the time in our office sort of comes out of our office and starts to inform some of the public debate.

Okay. So. That's what I was gonna, that's not in my paper. But so, let's go back to this declaration of the War on Poverty. That happens in 1964, here's Lyndon Johnson. And this is something I've, I more or less took for granted, that it made sense to think about the War on Poverty as a failure.

But that's actually something that I'm thinking, more and more about, and let me tell you why. So we know what the War on Poverty was. Or actually some of the sense of it being a failure is, actually not knowing what the War on Poverty was. Johnson says no doles, it's supposed to be a hand up, not a hand out.

The idea is to go beyond treating the symptoms of poverty. Actually if you looked at some of what Rubio said in his speech, you will see some of the same language. His new opportunity society sounds a little bit like the great society. I mean except for all the programs.

But, but there's. But there's some similar rhetoric, safety nets and also anti-discrimination efforts, human capital efforts, economic growth. The strategy is far reaching. And, I think, still just as relevant now, especially if we think about labor markets. And there's tons of lasting policies. There's lots of them that didn't last, but there's tons of lasting ones.

And, whether or not you think it's supply side or Keynesian, right? So, Johnson really pioneers this idea of economic stimulus. From tax cut. There's a Civil Rights Act safety net programs we've been talking about a lot. These Pioneering Programs in Early Childhood. The Elementary and Secondary Education Act.

Higher Education Act. Training programs. The negative income tax experiments which later developed into the earned income tax credit. There's a huge hike in the minimum wage, about 30%, and Social Security Benefit Expansions, as well as Medicare. So, these are programs that have lasted, that people on the right and the left will claim.

And yet, the narrative has been that all of this was a failure. So the other thing that I think a lot about, and the things that social scientists have taken so long to document. It seems to me that a lot of people, who lived through this or benefitted from these programs, must have known about for a very long time.

So we know that there were lasting and very immediate effects for a lot of groups in the United States. The elderly is, are one of those cases that it's just so dramatic. It's hard to miss. We know that the elderly poverty rate fell in half within a decade.

But there's two other things and Ken brought this up a little bit yesterday, and I think that this is really worth noting is, Johnson really plugs Medicare as a program that's not just for the elderly. It's for middle class families, right? It's so that you are not burdened with, caring for your aging parents or covering their medical costs.

This is an important thing, and it is part of the social net. So you can also think about, and this is a project if any of you have an idea about how to do this, to think about the ways in which the generations who saved for a very long time, for their retirement, and for the medical care.

Then probably ended up requesting a lot of that money, to the next generation. So you might think that there's this big intergenerational effect as well though temporary. The other thing to think about, is we tend to especially social scientists in the interest of identifying effects tend to think of these things in silos.

There's sort of this program, and then there's this program, and then we're looking at these things very narrowly. But, we know that they interact in a lot of ways. Sort of there's the cross-sectional interactions. And that's something that Ken's emphasized a lot in his work. Thinking about the way that it's not just the Civil Rights Act.

But it's the Civil Rights Act in concert with really big Federal carrots, that mean that people are really working to desegregate hospitals. It doesn't mean it happened overnight, or that it was easy same thing with schools. But it does help kind of push the process along. The other thing is we think that there are these intertemporal, complementarities between these programs.

Food security translates into better readiness for school, translates into better learning, right? That comp, so this is all aided by greater funds for. Public education especially poor districts and then you also think about the returns to college education, and sort of subsidies we give for tuition. Those other types of assistance being much more effective, because poor kids are much more ready to go.

So there is all these different synergies to think about, and that's actually something we really have a hard time estimating. Because, we can't make these narrow comparisons, but I don't think they're any less relevant. Okay, so why does the war on poverty get a bad rap? Why is this?

And if you think why it's totally easy, okay? There's a couple things that people have pointed out. One, one of the dumb things that the Johnson administration did is that they came up with a metric of poverty. That didn't capture the benefits of a lot of things that they did.

Oh, that's bad politics. Okay. So, we know that. And Jim gave us a, a really nice paper on that yesterday, so I don't need to tell you more about that. So, the idea is, okay, with a more complete accounting, we're gonna do much better. Here's another one. Society and the economy change.

So, the government was up against extraordinarily big changes, in the way that gains from growth were distributed. This is something that changes in the early 70s, right? It was not the case when Johnson was declaring his war. So some people will even claim, that this big government spending, is one of the things that led to that shift in the economy.

You can also think that this legacy of failure is a conservative rewrite, right? Of, of what actually happened. It's a change in the narrative, a rebranding, a relabeling. And the other type of thing, Alice brought this up last night, has to do with design and implementation. That these things are all good in practice.

But, they really weren't designed well. Perhaps they weren't implemented as carefully as they could have been. There are lots of things that went wrong. So I wanted to stare at the official poverty rate here for a second, and think about those narratives. Like we already know this is flawed for all sorts of reasons.

But still it's gonna make the point just fine. So when Johnson declares a War on Poverty. The official metric is 19%. And within a decade, it drops to 11%. And here's Reagan's State of the Union, where he jokes that we fought the War on Poverty and poverty won.

So sure, if you're comparing what was the case in the 70s to the 1980s, that makes a lot of sense. The poverty one of the things. If you were a sitting President you declare War on Poverty, and poverty rates fall by that much.

>> Mm-hm.

>> Within the next few years?

Most people would be right if Obama if the economy had turned around, even if it had nothing to do with the stimulus they would be plugging this everyday on the front page. Right job anytime think like so. It's fascinating to me. When I stare at this figure more, I think, why is it that by the early 1970's we had decided that these things didn't work?

Because I'm not saying that when you look at the social scientists go, oh, yeah, there's some issues with making that comparison. But the general public doesn't typically have. Right.

>> That type of thinking at all. That we benchmark against what was the case when the program started and we look at how things change, and we attribute the entire thing to whatever happened in that year right?

So that's the way the media new, so here this is a 6% point drop by the time Johnson leaves office. That's a huge drop. Okay so anyways. Back to the conservative rewrite. Okay, maybe this is just what they have been reinventing the history, but in fact this idea that the War on Poverty failed came up way before Reagan.

In fact they were dispassionate observers and observers on the left who are claiming that this program was an abject failure. So this is a review done by Ely Ginsburg and Robert Solo, which is a lot more generous in some of the left's critique. And they say the great society program the War on Poverty is the most open to criticism.

Its promises were extreme. The specific remedial actions were untried and untested. The finances were grossly inadequate. The political restructure was so vulnerable that it had to be radically reformed within a few years after the program. But they were writing, at this moment in where history poverty rates were at a historic low.

I find this just so striking, and so if you compare this to the New Deal. Think about that. Roosevelt as all of these programs all these spending the depression didn't end within four years, or even make significant progress out of that trough. And it's declared and it's remembered in history as this wonderful success of a policy.

So for a long time I've just taken this leg this narrative of failure as kind of as given. But the more I think about this kind of stuff, the more I find it really really puzzling. The other thing that's fascinating here is that the War on Poverty becomes this real villain for Neo-Conservatives.

Not even the New Deal. The New Deal, they are like oh, that's fine. But here, when so Reagan is criticized for dismantling New Deal programs. He corrects reporters and tells them no, no, no, no. I voted for FDR four times. He then goes on to say I'm trying to undo the great society that was LBJ's War on Poverty, that led us to our present mess.

So this is a program in an era, that gets so much grief for all sorts of things. When you look at the record. I think it's striking cuz, we, we know there are these big effects from all these programs. And effects that maybe social scientists have had trouble identifying, but not effects that people had trouble feeling.

So this is one of those things that I think that the benefits for people must have been, so profound that people must have known about this. And yet the political rhetoric, the narrative for so long, has been listing it a failure. Okay, so why do they get this bad rap?

I was just trying to go through and debunk several reasons for that. So, one the measuring stick is bad. Well true but Johnson does pretty well by that measuring stick. Society and the economy changed yes but that happened after 1973, and we were already done with the War on Poverty, but we had already written it off.

Conservative rewrite of history? Well maybe. They grabbed onto some stuff, but actually they weren't the one's that started that one. Right there were lots of critiques on the left and the right no one, liked this thing by the end of the 1970's. So here's this other thing that we come down to.

So maybe it's just the fact that we really just we can't stand Johnson. As much as he kind of comes in. And with all this enthusiasm, the Vietnam, the race riots, sort of, the civil unrest in the 60s, anything associated with him we're just gonna write off. That's possible, I actually can't say very much about that today.

But the other thing I wanna look at more explicitly, sort of, the design and implementation of these programs, and I also wanna compare the, the way these things were structured to the New Deal. To think a little bit more about some important differences. This paper is going to be like none other I've ever written.

It's much more narrative and historical. And it's also, there's no like big data, causal, inference, anything like that. So it's extremely descriptive, and so it may risk the. Of doing everything badly. So, but anyways, I'm, I'm interested in hearing your thoughts on this. Okay, so this paper is How Johnson Fought the War on Poverty, A Quantitative History.

In this context, what is it about how they do this stuff that leads people to believe they got things so wrong? So there have basically been, there are so many tapes and documents and oral histories of this period. I mean, Ken, I'm so glad you played some of that stuff yesterday.

LBJ said things to everybody. He could be anything for anyone, right? So he says. How could a person who uses the n-word on a regular basis, then push through Civil Rights. It's just this, like, what was he doing? What was he thinking? Who was he really? What were his motivations?

And what were they doing with this program, I think, is a really big question. So there's tons of work on this by historians. And there's very little quantitative work. So that's what we wanna try to add. So there's two main hypotheses here. And I'm gonna simplify all sorts of analysis we did, down to these two.

So you can think, I'm gonna, for the, in the interest of brevity I'm gonna call this first one politics. And it's not clear that you can separate politics from actual, what the, the policy's intended to do at all. But I'm just, that's my shorthand. So, one of the things, you think, that they were trying to do with this funding, the Johnson administration, was to try to forge a New Deal type consensus.

Right? To change the Democratic electorate. And if they're doing that sort of thing, what you would expect. So Johnson's a New Dealer. We know this. We know we spend money in districts. You can get, you know, this worked out very well for FDR. You can imagine him using these funds in exactly the same way.

So greater spending in an area where the marginal vote matters more. Greater spending in areas where there are more powerful congressman who can either hold his agenda hostage or push it through. These are the types of things we're gonna look for in the data. Greater funding in places that are really swing districts in 1964 or before.

Here's the alternative. And this is something that Caro kind of hints at in some of his biographies, but I think is not that clear. It's like, maybe Johnson was, really deeply, this humanitarian. Like despite all of the things we know about him as a human being, maybe there was he really wanted to do something great.

And there are these hints of that, though it's always unclear would he be selling something or he means it in a lot of the things he does. So, so there are these big potential benefits, you might think of fighting poverty and winning it. But you can also think this is one of the things Caro says.

Hints of compassion for the downtrodden. A passion to raise them up. Hints that Johnson, he's talking about, might use power not only to manipulate others but to help others in more for those who most needed help. Johnson said, you know, when he's selling this War on Poverty, Lincoln abolished slavery, and we're gonna abolish poverty.

Like he sees this as his domestic legacy. Okay, so we're gonna actually look at how the war on poverty is implemented. How they spent money through the Community Action Program. This is not the entire war on poverty, just this little snippet but it turns out to be a very useful one because the funding was unconstrained in a lot of ways, so it allows us to document where things went.

We're gonna assemble a lot of data that I'm not gonna tell you anything about, but this was by far what took the longest for this project. And then the analysis, we're gonna use really, really simple regression analysis. We're gonna look at R squares, to see how much of the variation we're explaining, with a model.

And then look at partial R squares, to see how much of the variation is explained, sort of explained in an accounting sense. Using, by these political type of variables all together, and these poverty variables. We're going to do that at both the state and the county levels, so let me give you an overview of the empirical results.

CAP spending, community action program spending, adheres very closely to a state-level index that they put in the legislation. You might find this surprising or not because, in fact, there's no enforcement. If Shriver hadn't done this, there was not much that Congress could do, other than sort of the mediate political pressure they could have exerted on

the Johnson administration.

So, adherence increases over time as they get set up. Discretionary funding that, this is the 20% of that budget that Shriver had absolute discretion over, actually seems to follow the poverty index as well. So spending on that seems proportional. And here's another interesting finding is that the narrative is typically that the South gets more.

When we think about the war on poverty, at least, a lotta people, they think about what's going on in the South. But in fact, the South gets less in terms of community action program dollars than other places in the United States. I wasn't expecting to find out. That is after accounting for the index.

So, the other thing is the community action spending within states is completely unconstrained by the legislation. They can do anything they want. They can put it, they can give to private organizations anywhere. And so we look at all these political variables and I'm going to give you a really long list that's gonna take up the entire slide and then I'm gonna tell you, that in fact all the stuff we can think of to throw at this?

Really we're explaining very little of the variation in funding. Which I actually find very, very surprising. And in fact when we looked at Price's data. To do, thanks for sharing that data, by the way, Price. To do the same thing for New Deal funding. Actually, they get much higher R-squares for the same types of regressions.

So it's, it's the striking difference between what are they doing, or not explaining much. It's true that invested in political strongholds, and they tended to reward stri, swing districts. Those especially that swung to Democrats in the '64 election. But really this is explaining an economically very small part of what's going on.

The poverty variables here had the most explanatory value. And there are two poverty variables we're using. We're using different, types of poverty measures, so it's whether or not, the share of the county population below 3,000 but we also look at the intensity of poverty using 1,000 and 2,000 as a threshold.

And the share of the population that's non white. So, those are the two things we have. By far, those are doing the most work here. Okay. So, what does a spending pattern bring at the end of the day? Is there a new Democratic consensus? Anything like that? Voter turn out does increase in more non white areas especially, but also in poor areas.

That's good. But not really outside. Non-self. But here's the, here's the backlash. Those votes tend to go to Republicans. So that's a really interesting thing. In poorer areas, the Democrats do pick up some of those votes. But they don't do very well. So how am I doing on time?

Okay, about halfway through. So let me give you a brief history of the 1964 Economic Opportunity Act. This we talked about yesterday is one of those centerpieces of Johnson's war on poverty. A lot of people refer to it synonymously with the war on poverty. So poverty really emerges as this new and urgent social issue.

Alice talked a lot about that in the 1960s. There's some debate about whether or not the war on poverty would have happened without Johnson. Heller has an account that sort of makes it sound more like Kennedy might have done something. It's not really clear. We don't know. But when Johnson hears about this program he's like, that's my kind of program.

He gives them this unequivocal, full speed ahead, let's do it. So here he is. After State of the Union, you know he means business because he appoints Sargent Shriver who is a political heavy weight, that is he knows people in Congress, he's very effective in getting things done.

So he didn't choose someone who wasn't going to be able to do stuff. He chooses Shriver to head the poverty task force and Shriver apparently consults with hundreds and hundreds of people in the first few weeks he's there. And, I wanna tell you who these people are according to these accounts, leaders in agriculture, business, labor, civil rights, government, academics, administrators, and foundations.

That all sounds very reasonable if you're an academic. But, if you were gonna do something poverty related in the

1960s, you might be surprised there are no social workers, welfare administrators. These people who are sort of that old school of thought on how we were gonna do anti-poverty stuff get neglected here.

They get left out. And this is something that upsets a lot of folks. He goes, after they've got this poverty task force, he goes on this April public relations tour to really promote the poverty program and that's where all these pictures you're seeing in the newspaper now of Johnson sitting on people's porches.

Here he is with Tom Fletcher. And he says on this tour, I don't know if I'll pass a single law or get a single dollar appropriated. But before I'm through, no community in America will be able to ignore poverty in its mist, midst. And he does make it into this big high profile national issue.

So the task force drafts a bill, and without any consultation with Congress, sends it over on March 16th. January 8th, March 16th, okay. This is happening really fast. They, so the bill creates this Office of Economic Opportunity in the Executive with large discretionary power. Passage in the Senate happens pretty quickly, 61-34.

After two days of debate, passage in the House is trickier. It takes three days. It's a little bit more contentious. Here are the things that they wanted. Change, they were really worried about Shriver's power. So Southern Democrats and conservative Republicans, they wanted to kind of rein in the power of the director.

That's one of the ways this index gets introduced. And, they also managed to give governors veto power over dollars, except those going to other parts of government. Now they also managed to turn back a states' rights amendment, and provisions to channel funds through local poverty agencies. Again, you can imagine, how did they wanna direct this if they were trying to keep this money out of the hands of the people who they thought hadn't done a particularly good job at fighting poverty?

So the final enactment happens by August that year. 27 pages. Vote in the House, 226 on the amended version to 185. So I read a couple of people saying. That Johnson managed to pass this around Republicans. And I think there were some Republicans he passed it around. But remember this is before the 1964 election.

There were lots of Republicans who support this bill. Well, publicly I should say. Okay. So the Economic Opportunity Act has some pretty radical provisions in there. About half of its money went to programs that were directly linked to DC in terms of their administration. But the other part of the money went to the Community Action Agency, CAAs, to coordinate locally customized programs.

Now when you think about what is this money for these are things, anything, which provide services, assistance or activities to give the promise of progress towards the elimination of poverty, or the causes of poverty. This is extremely broad. Let me just get some there's an index that gets put in there, again to rein in the power.

To make sure no states get short-changed. But the OE O has complete discretion within states. Funds didn't flow to or through state or local governments. Programs were to be conducted, administered, or coordinated by a public or non profit agency. So, it's all of these organizations that hadn't really gotten federal dollars to do this type of stuff before.

And the OEO wants to use this provision, or the idea is to circumvent the institutions that had been complacent or instrumental in the exclusion of folks, either, you can think about racial discrimination or the exclusion of the poor from a lot of the decision making. In this provision the ideas can facilitate a lot of institutional change.

You can imagine why this could be important. If the financial stakes were small, no one would've cared too much. But I'm gonna argue here that the financial stakes are actually bigger than you might think. So the OEO is demanding. Shriver has strings. There are a number of very high profile showdowns.

He was gonna do stuff his way and he did. So he made it matter. Also the federal funding is about \$2.64 billion for the CAP program. That's in 1968 dollars. So I inflated that, and then I went searching this morning in the current budget to see what was about that size, just to kind of put this in perspective.

And I found this reference to NASA, has about a budget the size of, of that today. So this may not seem like a lot of money, in comparison to all the things the federal government is spending money on, but it's a heck of a lot of money. For things for the poor in local communities.

So, for instances, we compare it to the 1962 expenditures from local governments on welfare and related stuff. It's about a 25% increase overall, count, of counties in the United States, and for 800 counties there, the average real community program spending doubled, would have doubled local welfare spending. So this is a lot of money.

And the other thing is they have this very ambiguous thing written in their maximum feasible participation that people have made fun of, saying maximal, maximum feasible confusion and other types of things. Right? Because what does that mean? But they want a participation of the constituents, the people who are supposed to be in the programs or benefiting from the programs, on these boards.

And they get a lot of trouble doing this, both because people who had control didn't want to invite them, and also because, you know, you've got to get people involved in doing things that they hadn't been doing before. So, the EOA gives a lot of discretion over a meaningful amount of money to these organizations and people who haven't had those types of, of funds before.

And the other thing I, I, I said last night is, well and so, the other thing this does is it kind of shifts who has control of this money or potentially has control of this money to a very different set of folks than in the past. This is also I think pretty important.

Okay. So, so we know what this is. So. Does the OEO comply with the index? This is kind of one of the first things we thought. So Johnson can basically do anything. They're not gonna do much, except fire Shriver, maybe, but he's a pretty powerful guy so maybe not, if he doesn't do what he's supposed to do.

I don't know what happened here. Okay. So we're gonna do this analysis at two different levels. So first, we're gonna look at the index, the state-level funding. Is this binding? Does it look like it guided funding in a meaningful way? And the second thing is we're going to associate spending patterns per capita in counties across the United States with a lot of different covariates.

In fact, a whole bunch of them. So here's the index. It's a equally weighted, a three, equal weights on three different components. UE is the state's share of the nation's unemployment. PK is the state's share of the nation's poor kids. And PA is the state's share of the nation's public assistance recipients.

So, to give you an example of the way this work. Michigan had about 3.9% of the nation's public assistance recipients, 4% of its unemployed, and 2.7% of its poor kids. Average those together, you get about 3.55% of the index eligible funding through the CAP. Index eligible is 80%, their appropriation together, the other 20% is discretionary.

Okay, so, what did the OEO do? I think this, there's time that we have, we had a lot more in the paper. We've taken a lot out of the paper, but this is kind of one of the most fun, the fun. The best part of this project is we get to look and see all of these things that Shriver was doing.

He got in a fight with a lot of people. And said to the Johnson administration over these funds. And so, one of the examples we picked out, that stayed in the paper, is this idea of, of, and I think this relates back to why you might think the South got fewer dollars this showdown with John McKeethan.

So, in 1965, Louisiana's governor announced the appointees to Community Action Program. Now Shriver I think to run it. Now Shriver doesn't have the ability to veto those folks. But he can withhold funds. He doesn't have to send them the check. Which he doesn't. Objections were sent to Washington, that these appointees were rabid segregationists.

People were really upset about this. And Shriver basically withheld money. Now McKeethan appeals. He calls him. He goes to see people in Congress, he even shows up and gets completely snubbed by Shriver. There's a really nice story



about that. And he goes back and ultimately, he changes the appointees and then the OEO sends him some money.

That's the way that went. There are lots of other examples with OEO backdown. So it's not at all clear that Schriver, given constraints of, like who's gonna take it, or where you could put it. Would actually comply with the index at all. But it doesn't look bad. And so let me tell you what we've done here.

So this is the amount of state funding, the state should have gotten. According to the index on the horizontal axis, this is 65, 66, 67, 68. And this is the actual community action program allocations. And the 45 degree line is the solid one, and the dashed line is the regression fit.

So one of things you can see in 65, places are I mean you do see this positive correlation, but there are a lot more spread out. In 66 you see a lot more clustering, and you also see the regression fit moving up. That's consistent with the discretionary funding being appropriated in proportion to the index.

67 it gets better and then 68, so cumulatively it doesn't look so bad. So you can actually look to see what the relationship is between, the index of portioned funds in a particular fiscal year, and the dependent variable for the federal cap funding with no other covariance here.

So a couple of things to look at the r-squareds here, are really high. So this is explaining a whole lot of the cross state variance, and the other thing is the cumulative apportioned fund, so here we just pool everything, and so how much, according to the index, should you have gotten?

How much do you actually get over the entire period? Cuz they have trouble getting things started and, you know, getting things set up, funds flowing to places, it takes a while. But cumulatively here they get about 1.2, which is almost 1.25 of their index appropriated fund, which is exactly what you would've expected.

Right? If they followed the index both with the funds that they were required to as well as that discretionary funding.  
>> Mm-hm.

>> Okay, but now we do the same regression here, including fixed effects for just region. To see, are there meaningful differences, say, after accounting for the index in the amounts you get, say, in the South?

And one of the things that comes out here, is especially over the entire period, the South is a meaningful outlier here. Here the omitted category is the Northeast. The South gets much less than you would have guessed. So a little summary of these finding, I know I'm gonna have to go through this fast.

But, the economic you know, index, is not absolutely binding. They're not right on that line. But Shriver used it, and explains a hell of a lot of what's going on across states. The South is a negative outlier, and Southern states average about 11 million. Over the entire period in real terms then, Northeastern states after accounting for the index.

And finally, the OEO allocated discretionary cap funds across states in proportion to the index. I find that kind of surprising, cuz there's no reason that they needed to do that, but I also take this as a hint. The Democrats came up with this index as an alternative to the Republican proposal, that this index may have represented what they wanted to do with the money.

To begin with. Which is what I'll show you with accounting level data. Okay, so now we're gonna do the within state level spending. There's no constraints on what the OEO can do here. Choices indicate you can think about this as like where they actually wanted to put funds, or put them subject to constraint of be able to get people to take them.

And it helps you understand how they were implementing this program across the country. What were they targeting? Were they targeting powerful congressman? Were they targeting swing districts? Were they trying to sort of infiltrate republican districts and spend more on them, to try and get, to bring them over.

I mean they could be doing all sorts of things with this money, you can imagine a big, kind of, Johnson strategy. Kind of get more democrats in his corner, right? I, that's what I would've thought. And when I first started this, and

also knowing the New Deal literature, this is exactly what I thought he would've been doing.

The other thing is, like, he might actually have been fighting poverty, or trying to. Directing it at poorer places and these types of things. That might not have been as political wise. You might be able to get more bang for your buck, actually investing in these other ways.

But you know, they might have been doing some of those too. These aren't mutually exclusive hypotheses. And when we first started writing the paper, we looked at stuff like race riots. Are the intensity of race riots correlated, with the amount of funding you get? Cuz there's lots of narratives saying they were trying to do that.

But it turns out that they, that there's no association at all. And I think, in some part, because they're really bad at predicting where these things were gonna happen. And two, after they happened, you know, they were both. Paying in these places, and then also trying to pay other places to prevent them.

So, it doesn't end up being related at all. Vietnam, you can't get a measure of Vietnam mobilization at the county level. But you can get a measure of casualties. So we use this at the county level to try and say, well is he putting money, and there's this there's some stories about how the Johnson administration uses these funds to buy off some leaders in the Civil Rights Movement, right?

So they are complicit in sort of Vietnam in exchange for this. This other money they're getting in the support on civil rights. So you might think that they're putting more money, in certain places with higher casualty rates, things like that. In fact, we don't see any evidence of this.

We went through the sharecropping hypothesis. We look at Southern paternalism. We look at actually a lot of things, and nothing really pops out. Except I'll tell you two variables. Sharing on white and poverty. Okay. Let me tell you. So, before you get too excited about that, let me tell you where these funds went.

They went all over the country. Darker means they got more money. Lighter means they got less. So Community Action Program Funds get spent everywhere. They didn't have to spend them everywhere, they could have spent them anywhere within states. But they do, you can see that there's a real preference you think, on the part of the administration, for distributing these things broadly.

So we're gonna look at these data. We're gonna first demean in the cap there. Because we know that it, they're constrained at the state level, so taking account the mean that they get in a particular state over time, we're gonna take that out. And then we're gonna look at that residual, that, I'm sorry, the difference there, the demeaned cap program expenditures.

This is for the entire period, on a whole lot of things. I told you I was gonna show you a really huge list, because when we started. Having trouble finding associations, we kept thinking of more things to look for. Okay. When we started with some strong things, but but we thought, gosh is it really possible that politics can't matter.

So let's go find another bunch of other variables and code all these committee members, look at all of this other types of things that we think should matter. And we, what comes out of this entire exercise is that not much does. Let me give you a sense of what's in there.

We use the infor, inverse population ratio, which is standard in the New Deal literature. The 1964 Democratic Presidential vote shared whether Johnson won a county, whether the Presidential election was close. That is, is this a swing area? We do this by different numbers of points, the interaction of whether the election was close and Johnson won.

So swing districts he won, or swing district he just lost? Is he putting more money on either side of that threshold? And the difference in Democratic vote share between the 1964, and 1960 Presidential elections. So you can see the swing towards the Democrats for Johnson. Is he rewarding that new constituency.

That elected him the most liberal Congress since the New Deal. The proportion of county representatives that are Democrats, the indicator variables for whether any of the counties representatives were members of major committees whether or not they were chairs, whether minority leaders, all sorts of things in Congress. You think he might be putting money in the districts of people, who are actually gonna matter for the rest of his agenda.

Let me see what else here. I've kind of given you. We also have just a handful of poverty measures and we worked really hard to get these intensity of poverty measures out of the Putnam file, that were in this really old IBM format that we then I'd say we.

That's the royal we.

>> Of course.

>> Nick Ducat who is a wiz and my coauthor is a PhD student. Actually worked really, really hard to get this transformed from an unknown, undocumented format into one that we can use. So here we use the share the county population household with annual incomes of less than 3,000.

We also, then using these intensity of poverty measures can use less than 2,000 and less than 1,000 and the sheriff population that is non-white. Remember, non-whites. Are a lot poorer than whites in this period, and Johnson explicitly talks about that, but this is also really tightly related to the civil rights angle, and actually this is something I've thought a lot about.

I'm not sure how the, to interpret that, but Sharon ends up being extremely important. Okay, and then we include a lot of other covariants to test these things. So, Austin Fay, Vietnam, wide intensity. I'm gonna just suppress all of that, because I'm gonna tell you. We didn't say anything.

We just, and also include things like the size of local governments, in terms of it's table expenditures per capita. Or it's welfare expenditures per capita, tax revenue per cap. All sorts of things to try and measure local provision of services. And then we include a lot of standard demographic careers, like the counties population in urban areas.

That's, you're gonna think is gonna be a really important one, thinking about urban poverty, especially race. And then other types of things that are fairly standard. And whether or not that household is affluent. Okay, here's the summary of results. I tried to put the table up here in regression coefficients.

But it turns out, you know, the coefficients are very hard to interpret, in terms of standard deviations and dollars and stuff. And so I'm just gonna end this early. So, I'm just gonna summarize what our findings are. So the Community Action Program spending within states. Turns out, interestingly, not to be correlated with much, at the aggregate level.

And we're throwing in everything we can find here we, we kept on going to get more data. The r-squareds are really, really low when we included all these variables, and they ranged from something like four to 9%. so, we do find a statistically significant, but economically very small relationship between these political variables, political strongholds in swing counties, especially those that swung in favor of the Democrats.

But these turn out to be very, very small. I mean, they're statistically significant associations, but they're economically very small. And to contrast this with the New Deal literature, so we get prices data and we use your models, and we come up with variables that are very comparable you can't be exact in the 1960s in the 1930s.

And they are, the political variables, are explaining 25% of the variation in county-level funding. It's a really big difference and when, in our models using this, like, almost sa, the same, comparable variables, they explain less than 1% in their group. So this is a really big difference, I think, in the way these programs are set up.

Another thing here is that the poverty variables have most of the explanatory power, especially the share non white as what I just told you. Now there's really interest. Of course we have to break this apart by South and non-South. So the model explains a lot of the variation interestingly in the non-South.

Here, if you break it out for those counties. we have our squares that are about 42%, or explain about 42% of the

variation. At about 25%, it's the poverty variables, it's two 2% the political variables. What about the south? There's like, we can't, we really can't explain much there, we throw everything in we can think of, we can use really, really low r-squares, and poverty and politics aren't doing much either.

Let's come back to my list of explanations. So why did the War on Poverty quote, fail? There's lots of narratives. And I told you, I mean, you can't completely discount these things. And that's not my intention. But I just, my point is, showing you those figures at the beginning of the talk, is that.

When you kinda look at the data, and you look at how much poverty rates fell and you look at what people were saying at the beginning of the 1970s, those things don't seem consistent with some of, some of the facts in the period. I think that's a really interesting thing.

And so I think there's a lot more scope to think about these types of explanations. What are the political failings? How did the strategy not work? How much of it is just that we just don't like Johnson? So I can't say much about that. But I think it's an important thing.

There's something really important here, is that the War on Poverty, and I kind of alluded to this before, is Johnson doesn't wanna go through this old school way of dealing with poverty. He doesn't wanna include these social workers, or welfare case workers. These types of folks. He wants to do this other type of, these other types of things.

Has to change the way things are done. So he goes around them. This pisses people off on the left. Good nudging. Now there's also Community Actions and Civil Rights that he's attached severe big stakes in complying with a lot of these things. And he's also sending a lot of the money through channels that, they're not going through these traditional channels.

Not like the New Deal. This upsets a lot of people, too. So in some sense, Johnson has set up this program and designed it in a way that everyone on the left is mad at him for not doing enough, for underfunding the programs. And for not including the people that they thought should have been included.

And people on the right were upset, because of Federal overreach, because there's too much going on, there's too much pressure. And they're not, there's not enough local control. So he sets up this program that no one likes. Okay. So coming back to why the War on Poverty failed and this, sort of this bigger narrative that we've believed I think for a very long time.

I, I include myself in this. I think that we should give a lot more thought to the political failings in the way this programs was implemented. The quantitative reasons we show in this paper. This is just through the lens of the Community Action Program, which is just a subset of what's going on there.

But, I think it's kind of a metaphor for the bigger picture, of what's going on in this period. So 25% of the new deal funding is spending, is explained by these types of federal political variables and almost none of the cap spending is explained by those same types of variables.

And believe me, we looked for everything we could. The other thing we do in the paper, is we look to see. We do this kind of. Backlash analysis. So, what, what of the voting patterns that are associated with these spending patterns? Do we see more voting? Do we see more turnout, in places where they were putting more of these dollars?

That's what you would think with community action. Like they're mobilizing people. They're trying to be, bring people into the political process. The voting rights act is important, but they've got a lot of people on the ground actually working to do those registration drives. Legal services lawyers trying to get people included, where they had previously been excluded, because a lot of the things that were going on at the polls.

So you might think that this actually increases turnout a great deal in those places where they were sending more money, and in fact that's what we find. It was share non-white and share in poverty explain, er correlated with this big change in voter turnout. But here's the problem, the turnouts, a lot of this seems to be backlash, at least against the

Johnson administration.

Because the share going to Republicans in those areas is going up, or the share the Democrats aren't getting is going up, the share going to Republicans. So Democrats do gain some votes in poor counties, but not nearly enough to make up. For the number they lost in. So I'll stop there.

Thanks.

>> I'm Anne Stevens, the Director of Center for Poverty Research at UC Davis. I want to thank you for listening. The center is one of three designated research centers in the United States. Our mission is to facilitate nonpartisan academic research on domestic poverty, to disseminate this research and to train the next generation of poverty scholars.

Core funding comes from the U.S. Department of Health and Human Services. For more information about the center, visit us online at [poverty.ucdavis.edu](http://poverty.ucdavis.edu).