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HOW JOHNSON FOUGHT THE WAR ON POVERTY:  
THE ECONOMICS AND POLITICS OF FUNDING AT THE OFFICE OF ECONOMIC OPPORTUNITY

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How Johnson Fought the War on Poverty: The Economics and Politics of Funding at the Office of Economic Opportunity

Martha J. Bailey and Nicolas J. Duquette

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### **ABSTRACT**

This paper presents a quantitative analysis of the geographic distribution of spending through the 1964 Economic Opportunity Act (EOA). Using newly assembled state- and county-level data, the results show that the Johnson administration directed funding in ways consistent with the War on Poverty's rhetoric of fighting poverty and racial discrimination: poorer areas and those with a greater share of nonwhite residents received systematically more funding. In contrast to New Deal spending, political variables explain very little of the variation in EOA funding. The smaller role of politics may help explain the strong backlash against the War on Poverty's programs.

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In his first State of the Union address in January 1964, President Lyndon B. Johnson asked Congress to declare an “unconditional war on poverty” and to aim “not only to relieve the symptom of poverty, but to cure it and, above all, to prevent it” (1965). Over the next five years, Congress passed legislation that transformed American schools, launched Medicare and Medicaid, and expanded housing subsidies, urban development programs, employment and training programs, food stamps, and Social Security and welfare benefits. These programs more than tripled real federal expenditures on health, education, and welfare, which grew to over 15 percent of the federal budget by 1970 (Ginzberg and Solow 1974).

Using the volumes of oral histories, taped conversations, and archival documents, historians have pieced together competing (but not mutually exclusive) narratives of this decade’s political economy (Gettleman and Mermelstein 1966; Levitan 1969; Ginzberg and Solow 1974; Davies 1996; Gillette 1996; O’Connor 2001; Germany 2007; Orleck and Hazirjian 2011; Caro 1982, 2002, 2012). Economic historians attribute the policy shift in the 1960s to a long-term decline in Southern planters’ demand for cheap agricultural workers and accompanying decline in plantation paternalism (Alston and Ferrie 1993, 1999). Relative to the large literature that examines the political economy of the New Deal, little quantitative research has considered the political economy of the War on Poverty: how and why it evolved from the small-scale, academic brainchild of the Council of Economic Advisors to a controversial and enduring legacy of the Johnson presidency.<sup>1</sup>

This paper contributes a novel quantitative description to the vast narrative, documentary, and oral history of the 1960s political economy. We analyze how the War on Poverty was fought through the lens of the legislation that came to define it: the 1964 Economic Opportunity Act (EOA).<sup>2</sup> This centerpiece legislation created the Office of Economic Opportunity (OEO) to coordinate federal antipoverty initiatives and empower the poor to transform their own communities. The EOA also contained two

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<sup>1</sup> Many reasons recommend a separate treatment of the two periods. The New Deal was developed in response to high unemployment and the economic crisis of the Great Depression; Johnson launched the War on Poverty during a period of widely shared economic prosperity. The New Deal significantly expanded programs cooperatively administered between the federal and state governments (Fishback and Wallis 2012, p. 291), whereas the federal government retained the purse strings and discretionary power for many of the War on Poverty programs. Finally, the New Deal built on and expanded many existing national programs (public infrastructure, benefits to veterans, agricultural assistance, and emergency loans for farmers) and significantly expanded unemployment relief—programs that benefited the average American and median voter. In contrast, the War on Poverty made longer-term investments with less tangible effects for smaller subgroups. See Fishback *et al.* (2003) and Fleck (2008).

<sup>2</sup> Public Law 88-452, 78 Stat. 2642 and amendments. Public Law 89-794, 80 Stat. and Public Law 90-222, 81 Stat.

radical provisions that facilitate our analysis. First, the EOA apportioned funding across states according to an index, but it imposed no requirements on how and where to spend money *within* states. Second, the EOA enabled the federal government to fund local private and nonprofit organizations directly, rather than funneling money through state or local governments. This provision encouraged the development of customized programs to combat the root causes of local poverty and also allowed the federal government to work around widespread *de jure* racial segregation, which had restricted the political participation of African Americans, and *de facto* exclusion of the poor from the policy making process. These provisions relaxed many of the usual constraints on federal funding choices (for example, cooperation with state and local government officials). Observed funding choices, therefore, provide a great deal of information about the objectives of the Johnson administration during this transformative period of U.S. history.

Our analysis uses data on OEO grants from the National Archives and Records Administration (NARA), which we link to a variety of other data sources to describe the decade's complex political economy. These county-level data include measures of local demographic characteristics, political importance, local government expenditures and tax revenue per capita (U.S. Bureau of the Census 1964), riot intensity (Collins and Margo 2007), the escalation of the Vietnam war (casualty rates from U.S. Department of Defense 2008), and the intensity of sharecropping to proxy for Alston and Ferrie's (1993) paternalism hypothesis. Our quantitative findings show that a modest share of the within-state spending is explained by this rich set of covariates (5 to 9 percent versus roughly 37 percent during the New Deal). The variation explained by the model reflects systematic spending in higher poverty areas. After accounting for a variety of other county-level covariates, the extent and intensity of poverty significantly predict within-state, county-level CAP spending from 1964 to 1968 in both the South and the non-South.

An important and often forgotten component of the War on Poverty is its "assault on [racial] discrimination" (Council of Economic Advisers 1964, p. 56). The OEO monitored compliance with the Civil Rights Act and threatened violators with the withholding of federal funds. Interestingly, counties' share of population that was nonwhite in 1960 accounts for the bulk of explained, within-state variation in OEO funding nationally—a pattern driven by the *non-South*. Together, poverty rates and the share nonwhite explain more of the within-state variation in OEO spending (roughly 30 percent) than do the

more than twenty other covariates combined. In the non-South, these two variables alone account for over 60 percent of the explained, within-state variation in OEO spending.

Consistent with New Deal funding patterns, political considerations also influenced where OEO money was spent. We find that the Johnson administration invested in Democratic strongholds and rewarded areas with bigger swings in favor of the Democrats in the 1964 presidential election. Swing counties received slightly less funding overall, but swing counties *won* by Johnson in 1964 received slightly more OEO money *ceteris paribus*. But, although politics mattered, political considerations together explain surprisingly little of the county-level variation in OEO funding. Measures of political considerations explain no more than 1 percent of the variation in county-level spending at the national level. In short, the Johnson administration appears to have invested in nonwhite and poor areas much more than in Democratic strongholds, newly won districts, or the districts of powerful congresspersons. Our analysis of voting reinforces the notion that Johnson's War on Poverty failed to build a Democratic constituency in the short run. Although turnout increased in areas with higher spending, a greater share of votes in nonwhite areas went to Republicans. The paper concludes with a discussion of how these findings inform a better understanding of why the War on Poverty is remembered as a failure.

#### THE ENACTMENT AND PROVISIONS OF THE ECONOMIC OPPORTUNITY ACT

Poverty emerged as a new and pressing social issue in the United States in the late 1950s and early 1960s (O'Connor 2001). Bestselling books on the topic, including *The Affluent Society* by John Kenneth Galbraith (1958) and *The Other America* by Michael Harrington (1962), as well as popular journal articles, catapulted the issue into the national consciousness. Yet Johnson's motivations for championing the War on Poverty as the centerpiece of his domestic agenda have been subject to disagreement among contemporaries and historians.

The facts are straightforward. Johnson inherited a large legislative backlog from the John F. Kennedy administration. Arthur Schlesinger (1965) argues that Johnson continued what would have been Kennedy's poverty agenda. Yet Walter Heller, the chairman of Kennedy's Council of Economic Advisors (CEA), notes that only days before his Dallas assassination, Kennedy's thinking on the matter "had not gone beyond the vague concept of doing something that would focus specifically on the roots of poverty"

(1970, pp. 19-20). In contrast, Heller recalls Johnson's unequivocal affirmation of the poverty program in his first briefing: "That's my kind of program. I'll find money for it one way or another. If I have to, I'll take away money from things to get money for people....Give it the highest priority. Push ahead full tilt" (p. 21). In the seven weeks between Kennedy's assassination and Johnson's State of the Union debut, the "War on Poverty" grew from a small, academic pilot program of the CEA to a core agenda of Johnson's presidency. In the next seven months, the EOA morphed from a draft bill into one of the most controversial pieces of legislation passed during Johnson's administration.

### *The Conception and Promotion of the Economic Opportunity Act*

The EOA was the centerpiece of Johnson's War on Poverty and has been remembered as "the most dramatic and highly publicized of the Great Society's programs" (Levitan 1969, p. 3). It established the OEO, a new agency within the executive branch charged with initiating and coordinating government-wide antipoverty initiatives.

Shortly after Johnson's State of the Union address, he appointed Sargent Shriver, Kennedy's brother-in-law, to head the antipoverty task force. Within six weeks of his appointment, Shriver claimed that he had consulted with over one hundred different leaders in agriculture, business, labor, and civil rights groups; officials from various levels of government; and academics, administrators, and foundation representatives (Levitan 1969, pp. 30-31). Johnson's insistence that there be "no doles" and Shriver's commitment to doing things his way meant that social workers and welfare administrators—the embodiment of the old school of thought on reducing poverty—were omitted from this list or given little attention (p. 31). Shriver's task force drafted the final bill (with no input from Congress) and sent the draft EOA to Congress on 16 March 1964.

To promote the EOA, President Johnson embarked on a public relations tour. In April he visited the family of Tom Fletcher, an unemployed coal miner with a wife and eight children who lived in the hollows of Appalachia outside of Inez, Kentucky. The Fetters had been chosen by the White House to become the face of American poverty—the faces of the 35 million Americans (roughly 20 percent of the population) who lived on less than \$3,000 per year, roughly the poverty threshold for a family of four. Johnson is said to have remarked to a reporter, "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 midst" (Jordan and Rostow 1986, p. 16). Indeed, Walter Bennett's iconic *Time Magazine* photo that captured Johnson chatting with the Fletchers on their front porch achieved just that.

### *The Enactment of the Economic Opportunity Act*

The passage of the EOA was swift and decisive. The Senate approved the bill on 23 July 1964 by a vote of 61 to 34 after only two full days of debate, in which a conservative coalition of Southern Democrats and Republicans succeeded in modestly reducing the authority of the OEO director.<sup>3</sup> On the House side, though final passage took only a few days, the process was more contentious. Levitan (1969, p. 40) notes that Republicans found the EOA hearings "frustrating" because only nine of the 69 primary witnesses opposed the bill. Moreover, Representative Adam Clayton Powell, Jr. (D-NY), chairman of the House Education and Labor Committee that received the bill, excluded Republicans from raising their objections in the hearings and from subsequent participation in the EOA's amendment.

Many congressmen objected to the concentrated power of the OEO director. On 17 March 1964, the first day of hearings before the House's War on Poverty subcommittee, Representative Robert Griffin (R-MI) asked Shriver,

*As much as we all admire your work and believe in your competence...I think we must... look at this legislation from the point of view that you may not always be the chief of staff...*

*In every title of this bill, it provides that the Director shall establish criteria to achieve an equitable distribution of funds among the States. I see this as handing to the Director a blank check in terms of deciding how much money the various states are going to get...*

*Do you have any idea at this time how you are going to distribute the money among the States?* (U.S. House of Representatives 1964a, pp. 70-71).

Shriver sardonically replied that the concentration of power in his office conveniently solved the problem of distribution across states by making it easy for Congress to determine whom to fire if things went badly. Unsatisfied with Shriver's answer, Representative Peter Frelinghuysen (R-NJ) announced an

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<sup>3</sup> The *Congressional Quarterly Weekly Report* states, "In a series of tight roll calls, the Democratic leadership turned back crippling 'states' rights' amendments by Sens. Winston L. Prouty (R. Vt.) and Spessard L. Holland (D. Fla.)...the final bill included two compromise states' rights amendments, offered by George A. Smathers (D. Fla.)...the first, adopted July 22 by voice vote, permitted the Governor of a state to veto the establishment of a Job Corps camp in his state, within 30 days after being notified of the project. The second, adopted July 23 by an 80-7 roll call, gave the Governor an identical veto power over all anti-poverty projects contracted between the Federal Government and a private agency. Contracts with public bodies, such as city councils and county committees, were not subject to the Governor's disapproval" (*Congressional Quarterly*. "Senate Passes Johnson's Anti-Poverty Bill, 61-34," 23 July 1964, pp. 1533-34).

alternative antipoverty bill on April 28, the last day of the hearings. His bill appropriated funds to antipoverty programs created by *states* (rather than the OEO) and apportioned funds across the states using an index based on total population, unemployment, and average income (*Congressional Record* 1964a).<sup>4</sup> Democrats ultimately compromised to include an apportionment index, but not the one Frelinghuysen proposed.

This compromise was enough to pass the EOA in the House (Gillette 1996, pp. 121-23). On 5 August 1964, the Economic Opportunity Act (H.R. 11377) was introduced to the House floor with six hours for debate. Northern House Republicans spent much of their time decrying the power the EOA gave to the OEO director. One such remark in the *Congressional Record* was by Republican Robert Taft, Jr., of Ohio, who complained,

*[T]his attack which we are supposed to be launching upon poverty would enable the Director to do as he pleased....There's actually no requirement that the Director consult with anyone, other than to find some local agency of some sort, public or private, which would be willing to go along. If he did not have one available, he could create one (Congressional Record 1964c).*

This was a prescient criticism of the provision that ultimately would give significant power to Shriver and the Johnson administration to exercise as they saw fit.

Southern Democrats occupied important posts in the House and Senate and had the power to block legislation—a power they had long exercised to protect the interests of the Southern elites (Katznelson 2013). They succeeded only in securing modest amendments—most notably the inclusion of a gubernatorial veto for key programs (§209[c]). Shriver recalled that Senator Herman Talmadge (D-GA), a former governor, suggested the veto as a way to let Southerners support the bill while neither alienating states' rights supporters nor “allow[ing] all this money to become bogged down in the state and local government apparatus, and...frustrated totally by the clique that might be hanging around a particular governor” (Gillette 1996, pp. 129-30).<sup>5</sup>

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<sup>4</sup> Wall Street Journal. “GOP Critic of Johnson’s Drive on Poverty Offers Plan with Lower Federal Outlays,” 29 April 1964, p. 5.

<sup>5</sup> Southern Democrats ultimately voted for passage 60-40 in the House and 11-11 in the Senate (“Congress Clears Johnson’s Anti-Poverty Bill,” *Congressional Quarterly* 14 August 1964, pp. 1729-30; “CQ Senate Votes 218 through 223,” *Congressional Quarterly* 23 July 1964, p. 1567). In practice, the gubernatorial veto was rarely exercised and, when exercised, was so blatantly political that the gubernatorial veto was effectively removed only one year later. In the first year of the OEO’s existence, the governors’ veto was exercised just five times, including one widely publicized case in May 1965 when George Wallace made a point of blocking a grant to a racially integrated antipoverty program in Birmingham (*New York Times*. “Wallace Vetoes a Poverty Grant.” 13 May 1965, p. 23; Levitan 1969, p. 62). The 1965 amendments defanged the gubernatorial veto by allowing the OEO director to override a veto if a grant was “reconsidered by the Director and found by him to be fully consistent with the

In contrast to state governors, local government had no power in the original EOA. Even though the U.S. Conference of Mayors and National Association of Counties had endorsed the original EOA with the reservation that funds be channeled through an official *local* poverty agency, the 1964 bill was never revised in this manner (Levitan 1969, p. 65). Local government had no direct, statutory power to block EOA spending or designate community groups until the EOA was later amended. The President's deftness at influencing the media—liberal and conservative—ensured that those opposed to the EOA looked like they were for poverty and against helping the poor. With the election looming in the fall of 1964 and the President's support surging, the amended 27-page EOA passed the House on 8 August 1964 with a vote of 226 to 185, just three days after it was introduced.<sup>6</sup>

#### *The Radical Provisions and Financial Stakes of the Economic Opportunity Act*

The EOA was an experiment on a grand scale. About half of the EOA's funding went to programs with a direct chain of command linking local organizations to Washington, such as Job Corps, Work-Study, and Volunteers in Service to America (VISTA); the other half went to the Community Action Program (CAP), which funded ideas put forth by local organizations that were to be customized to the needs of different communities.<sup>7</sup> The OEO designated over 1,000 Community Action Agencies (CAAs) between 1965 and 1968 to coordinate these locally customized antipoverty initiatives.

The CAP was the most novel and idealistic part of the War on Poverty and, unsurprisingly, the most controversial. "Community action" was vaguely defined as a program "which provides services, assistance, and other activities to give *promise of progress* toward elimination of poverty or a cause or causes of poverty" (§202 a[2], emphasis added). The EOA also contained three radical provisions about how CAP grants could be made. First, CAP funds were to be allocated *across* states according to an apportionment index in the legislation. States with more of the nation's poor were supposed to get more

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provisions and in furtherance of the purposes of [the relevant portions of the EOA]." See Economic Opportunity Amendments of 1965, Public Law 89-253, 79 Stat. §16. In short, the OEO director could largely do as the administration pleased after 1965.

<sup>6</sup> Using newly assembled data on individual roll-call votes in the House and Senate (ICPSR 2010), measures of Democratic electoral strength (Clubb, Flanigan, and Zingale 2006), and economic and demographic characteristics (Adler undated) we find that party identity is the most important determinant of a favorable vote on the EOA. Southern Democrats were less likely to vote for the EOA than Democrats of other census regions, but were more likely to cast a favorable vote than Republicans from any region. We find a negative relationship between a positive EOA vote and share of black population—perhaps a prescient resistance to the imminent sea change in race politics encouraged by the EOA that would negatively affect Democrats in subsequent elections. In the House, we also find that unemployment rates were a strong predictor of a positive vote.

<sup>7</sup> Haddad, William F. "Mr. Shriver and the Politics of Poverty." Harper's Magazine, December 1965, pp. 43-50.

funding. But within states, the OEO had complete discretion to spend its money in “any...geographical area” (§202 a[1]). Second, funds need not flow through or to state or local governments. Instead, the EOA authorized the federal government to fund programs “conducted, administered or coordinated by a public or private nonprofit agency (not a political party)” (§202 a[4]). A final provision noted that CAP programs should be “developed, conducted, and administered with maximum feasible participation of residents of areas and members of groups served” (§202 a[3]).<sup>8</sup>

The combined effect of the EOA’s provisions was to allow Shriver to circumvent state and local governments, which many believed had failed to alleviate poverty or, worse, been complicit or instrumental in its persistence. This direct funding mechanism allowed the federal government to work around *de facto* exclusion of the poor from designing programs to address their own poverty and *de jure* racial segregation that had restricted the political participation of African Americans.<sup>9</sup> CAPs aimed to empower the poor themselves to change their communities—to fight poverty while reforming local social institutions and undermining entrenched racial segregation (Forget 2011).

These radical provisions would have mattered little had the demands of the OEO been modest or the financial stakes small. But Johnson’s choice of Sargent Shriver to head the poverty task force and the EOA’s funding for local organizations made the EOA matter.

Shriver had an impressive record of political effectiveness. According to Murray Kempton, Shriver could weather the political attacks of Congress by day but “then at night he will call up some power figure from [the Representative’s] district and the next morning [the Representative] is unexpectedly slapped on the back of the head.”<sup>10</sup> Shriver maintained independent staffing and funding criteria. He also linked OEO funding to compliance with the 1964 Civil Rights Act and interpreted “maximum feasible

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<sup>8</sup> Levitan (1969, pp. 110-11) writes that most of the Johnson administration officials who testified to Congress regarding the EOA were naïve about the implications of this clause. Only Robert Kennedy, the chairman of the Cabinet Committee on Juvenile Delinquency, which oversaw an earlier, localized federal community action program, mentioned the provision of “maximum feasible participation” in his congressional testimony. Kennedy argued that “there certainly should be an opening to deal with local agencies, private and public, who could get together and come up with a plan or an organization which could handle a particular function.”

<sup>9</sup> Strom Thurmond (D-SC) railed against this provision during the debate over the EOA: “Under the innocent sounding title of ‘Community Action Programs,’ the poverty czar would not only have the power to finance the activities of such organizations as the National Council of Churches, the NAACP, SNCC, and CORE, but also a SNOOP and a SNORE which are sure to be organized to get their part of the green gravy.” Thurmond also accused Shriver of having promised the NAACP that he’d use the OEO to promote desegregation (“CQ Senate Votes 218 through 223.” *Congressional Quarterly* 23 July 1964, p. 1567). Thurmond would change his party affiliation to Republican the following September.

<sup>10</sup> Kempton, Murray. “The Essential Sargent Shriver.” *New Republic*, 28 March 1964, p. 13.

participation” for CAA boards more strictly than was popular.

The federal funding at stake was large. From 1965 to 1968, the CAP funds amounted to a cumulative \$2.64 billion (in real 1968 dollars). While small in relation to other federal expenditures, these funds were large relative to local government spending on related programs. Average, annual real CAP funding from 1965 to 1968 amounted to over a 25 percent increase relative to the sum of local government welfare expenditures in 1962. Furthermore, public welfare spending was often lower in the poor counties where CAP funds went. In 791 funded counties, average real CAP grants from 1965 to 1968 more than doubled 1962 public welfare spending. In addition, CAP grants were made to 83 counties which in 1962 spent nothing on public welfare (OEO 1965-1968; U.S. Bureau of the Census 1964).<sup>11</sup> Roughly 38 percent of CAP dollars went to Head Start and another 39 percent went to local initiative programs (Levitan 1969, p. 123). CAP money, therefore, represented a tremendous increase in funding available for local anti-poverty programs.

The direct financial stakes also understate the broader implications of federal dollars for communities. In addition to over 18 million people who participated in CAP programs (equivalent to half of America’s poor), Shriver told Congress in 1965 that “the most important and exciting thing about the War on Poverty” was “that all America is joining in...religious groups, professional groups, labor groups, civic and patriot groups are all rallying to the call” (Gettleman and Mermelstein 1966, p. 207).<sup>12</sup> Similarly, the *New York Times* featured the “group of leaders” in “every city and community” who “believe this job can be done and who are helping.”<sup>13</sup> Importantly, CAP dollars may have crowded *in* local resources from public, private, and nonprofit sources, making the financial stakes even higher.<sup>14</sup>

In summary, the EOA allowed tremendous federal discretionary power over a meaningful amount of

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<sup>11</sup> County-level data are created by aggregating data on individual CAP grant actions from NACAP files to the county-year level. These data contain 162,795 individual grant actions to 4,818 grantee organizations from 1965 to 1981 (figures for 1969 are lost). They also include information on funding amounts from the OEO, cost sharing by local governments and other sources, the name and address of the grantee (county, city, street address, and name of the grantee), and brief descriptions of grants’ intended uses. See our data appendix for more detail.

<sup>12</sup> The 18 million figure relies upon summing over all participants recorded in administrative records.

<sup>13</sup> Reston, James. “The Problem of Pessimism in the Poverty Program.” *New York Times*, 10 January 1965, p. E12.

<sup>14</sup> Much has been written about the controversy surrounding the CAP program, but the vast majority of CAAs functioned with the support of their communities. When the 1967 EOA amendments required that the CAAs be designated by state or local governments (and that the OEO director could designate CAAs only in the event that local governments failed to exercise their authority), 792 of the affected 1,018 state, county, or city governments exercised their new authority to designate CAAs within the year. Moreover, 97 percent of these governments elected to continue the existing CAA without change (Levitan 1969, p. 67)—a testament to the program’s widespread local approval.

resources. Our analysis adds to the historical literature on this topic by quantifying how the administration used this discretion in two steps. First, we investigate whether the OEO complied with the EOA’s apportionment index, which was added as a check on the director’s power. Second, we investigate how the OEO spent money *within* states, which was not prescribed by legislation. Both shed light on the how the War on Poverty was fought.

#### WAS THE INDEX BINDING? OEO FUNDING DECISIONS AT THE STATE LEVEL

The EOA nominally imposed a constraint on Shriver’s discretion by requiring that the OEO allocate 78.4 percent of federal CAP funds (what we call “index eligible funds”) across the 50 states and the District of Columbia using the apportionment index. The index assigned a share of eligible funds to each state,  $s$ , in a fiscal year (FY; July 1 to June 30 in this period),  $t$ , using the following formula,

$$(1) \quad EOA\ Index_{s,t} = \frac{1}{3}UE_{s,t} + \frac{1}{3}PA_{s,t} + \frac{1}{3}PK_{s,t} ,$$

where  $UE$  is the state’s share of the national number of unemployed,  $PA$  is the state’s share of the national public assistance recipients, and  $PK$  is the state’s share of poor children (defined as the number of children in families with household incomes below \$1,000).<sup>15</sup> For instance, in 1964 Michigan was estimated to have 3.89 percent of the nation’s public assistance recipients (295,278 out of 7,581,084), 4.04 percent of the nation’s unemployed workers (154,700 out of 3,832,500), and 2.72 percent of the nation’s children in families earning less than \$1,000 (92,000 out of 3,382,000). Therefore, the index gave Michigan \$7,124,240 or 3.55 percent of the 1964 index eligible CAP funding (U.S. House 1964b).

In practice, the EOA gave Shriver considerable discretionary power to withhold grants.<sup>16</sup> For

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<sup>15</sup> The rationale for this poverty threshold is unclear. It is below Orshansky’s poverty line, which estimated that a family of four would spend \$1,033 per year on food alone (Oregon Center for Public Policy 2000). Most of the details of how the index was developed are not in the historical record. Asked whether the poverty task force ever kept records, member Eric Tolmach replied, “Not formally, no...there were no recorders...no secretaries...at the meetings. No minutes were kept. There are memos based on people’s interpretations of what took place at the meeting. There are no word-for-word accounts” (Gillette 1996, p. 45). Oral histories provide incomplete accounts.

<sup>16</sup> The EOA also included requirements that the OEO “establish procedures which will facilitate effective participation of the States in community action programs” (§209[a]) and develop guidelines for “equitable distribution of assistance under [the Community Action Program] within the States between urban and rural areas” (§210). Like many of its other provisions, the details of these regulations were left to the OEO itself and, ultimately, imposed insignificant constraints. Although the EOA was amended in each year from 1965 to 1967, the poverty index remained unchanged except for using updated information for the index components (U.S. House 1967). The funding formula set aside 2 percent of the eligible index funds for U.S. territories, which means that 78.4 percent (rather than the printed 80 percent) went to states. In addition, the funding formula only applied to funds for general program development and administration, not technical assistance or training costs, or programs funded in other sections of the EOA. Programs for migrant workers and job retraining were funded in separate sections of the EOA, although the

instance, EOA §203(c) left it within Shriver's authority to reallocate CAP money designated for one state to the others. In addition, the EOA imposed no restrictions on Shriver's use of the remaining non-index eligible CAP funds, which made up 20 percent of the total. Even if the EOA permitted deviations in practice, the index apportionment provided a transparent benchmark by which politicians could evaluate whether their state had been shortchanged.

The historical record is rife with examples of Shriver's use of discretionary power. One highly publicized showdown in early 1965 featured Louisiana's governor, John J. McKeithen. McKeithen announced the appointees to run the EOA-funded antipoverty program, but many objected (and wrote to Washington) that the appointees were "rabid segregationists" (Germany 2007, p. 49).<sup>17</sup> Although Shriver could not pick the appointees, he had the authority to withhold funding (which he did) if he disapproved. McKeithen appealed to Congress, the Vice President, and the President, to no avail. Ultimately, McKeithen selected a new set of appointees, and OEO money began to flow into Louisiana.

But the OEO was not always successful. The Child Development Group (CDG), which obtained a grant to set up a Head Start program in rural Mississippi, shows how Congress could check the OEO's power. After a media bonanza at launch, the CDG infuriated politicians and other Mississippians because it offered a blueprint for desegregation in Mississippi's public schools. The administration ultimately backed down and reduced the CDG's funding when Senator John Stennis (D-MS), chair of the Senate Appropriations Committee, threatened to hold the President's other legislation hostage, including funding for the Vietnam War (Carter 2009).

Figure 1 describes the OEO's use of discretion by examining deviations from the apportionment index. The horizontal axis plots each state's apportionment under the EOA and the vertical axis plots each state's receipt of funding. A state will fall along the 45-degree line (plotted as a solid line) if it received the minimum apportioned in the EOA and above/below it if the state received more/less than its index apportionment. Positive and negative deviations are interesting because they represent, respectively, the OEO's topping up of a state's apportionment with discretionary funding or its failure to reach an

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migrant programs were administered under the CAP.

<sup>17</sup> Haddad, William F. "Mr. Shriver and the Politics of Poverty." *Harper's Magazine*, December 1965, p. 48.

agreement with a particular local organization. The dashed line represents the least squares regression fit, shown in detail in Table 1.

Between FY 1965 and 1968, federal EOA appropriations grew from \$237 million (nominal dollars) to \$867 million in FY 1968 (U.S. House of Representatives 1964b, §2; 1967, §2). The OEO's difficulties spending its allocation in its first FY—due to Shriver asserting his authority and challenges setting up programs—is captured in Figure 1A. By the end of the first FY on 30 June 1965, the CAP had only existed for nine months and spending reached only \$143 million of the budgeted \$199 million in nondiscretionary funds. Forty-one states lie below the 45-degree line because they received less than their EOA minimum apportionment in federal funds. Many states fell very far below their apportionment: Mississippi received about 3 percent of its apportionment; South Carolina, 7 percent; and Nebraska, 11 percent. These surpluses at the OEO resolved within several years as local organizations developed more applications and as OEO administrators succeeded in making grants. By FY 1966, most states had moved closer to or exceeded the 45-degree line; many had crossed it (Figure 1B). In this year, each apportionment dollar translated into \$1.14 in actual funding (Table 1A, column 2). By FYs 1967 and 1968, almost all states lie near or above the 45-degree line and most exceeded it (figures 1C and 1D). In these two years, each apportionment dollar translated into \$1.40 and \$1.19 in actual funding, respectively (Table 1A, columns 3 and 4). Aggregating over 1965 to 1968, the OEO hit the apportionment requirements for almost all states and, although not mandated by the EOA, tended to spend CAP discretionary funding in proportion to each state's index (Figure 2). For the overall period, the regression line slope is greater than the 45-degree line; every apportionment dollar translated into \$1.21 in actual spending, almost the \$1.25 one would obtain if the OEO, on average, allocated its discretionary 20 percent in proportion to the 80 allocated by apportionment index (Table 1A, column 5).

Three main conclusions follow. First, the EOA apportionment index was not *absolutely* binding at the state level. Consistent with Shriver's reputation and the historical literature on funding controversies, this analysis suggests that Shriver had a good deal of leeway and that he exercised it (at least in the program's early years). Over time, however, compliance with the poverty index increased as Congress and the public pressured the Johnson administration.

Second, the South was an important outlier (Table 1B), which is consistent with Alston and Ferrie's (1999) hypothesis about Southern politicians trying to dissuade Shriver from putting EOA money into their states. Contrary to the common perception that the South received *more* War on Poverty spending, Southern states averaged almost \$11 million *less* in actual CAP funding than Northeastern states over the 1965 to 1968 period, after accounting for their shares of the nation's poor (Table 1B, column 5). The Southern disadvantage persists even in specifications including multiple covariates.

Third, the OEO largely allocated CAP funds across states in proportion to the apportionment index. This was the case both for the nondiscretionary index-apportioned spending and the discretionary spending. The apportionment index explains 76 to 93 percent of the variation in state-level CAP spending across the four fiscal years (Table 1A, columns 1-4) and exceeds 93 percent for the entire period (column 5). The inclusion of region fixed effects has almost no effect on this relationship (Table 1B). Considering the tremendous power given to the OEO director, President Johnson's reputation for playing politics, and the empirical literature showing Franklin D. Roosevelt's use of New Deal funds to build a longer-term political coalition, this compliance may be surprising. Yet compliance is consistent with Democrats having chosen the apportionment index and hints that fighting poverty reflected the Johnson administration's unconstrained choice.

#### HOW THE WAR ON POVERTY WAS FOUGHT: A COUNTY-LEVEL ANALYSIS OF OEO SPENDING

*Within* states, the EOA imposed no constraints on the distribution of funds, location of CAP project (such as a congressional district or city), or type of project funded. The rationale for this flexibility was that it allowed antipoverty programs to be customized to community needs and would create pressure for the reform of social institutions that perpetuated an economic underclass. In practice, this flexibility allowed the Johnson administration to pursue its broader agenda. How these funds were spent, therefore, reveals much about the Johnson administration's objectives.

#### *The Competing Objectives of Politics and Poverty*

Fighting poverty and building political coalition were potentially competing objectives determining the Johnson administration's funding choices. One hypothesis is that Johnson used the War on Poverty to forge a new electoral consensus, much as Roosevelt had used the New Deal (Wright 1974; Couch and

Shugart 1998; Wallis 1984, 1987, 1998, 2001; Fishback, Kantor, and Wallis 2003; Fleck 2001; Fishback and Wallis 2012). Johnson cut his political teeth as a New Dealer and may have learned from Roosevelt's and Harry Hopkins' alleged claim to "tax and tax and spend and spend and elect and elect" (Fishback 2007). Congressional testimony following the EOA's first year claimed as much, saying that its funding had degenerated into "giant fiestas of political patronage."<sup>18</sup>

Building political consensus should result in measurable spending patterns. As Gavin Wright (1974) and Robert Fleck (2008) argue regarding the New Deal, a reelection-seeking president should spend more on swing districts. Because congressional races are determined by winning a plurality, Democrats would seek to convince the pivotal voter to put them in office (or keep them there) through greater spending when a particular race is almost even. OEO funding could also be used to repay favors to prominent congressional committee members or chairs or to encourage favorable future votes for items on the Democrats' agenda. This would result in more OEO funds being spent in areas served by powerful congressional committee members or chairpersons (Anderson and Tollison 1991).

Our analysis tests the importance of political considerations by examining the relationship of OEO funding to the share of the county population voting for Democrats in the 1964 presidential election, the change in the Democratic vote share between 1960 and 1964 in the presidential election, whether Johnson won the county in the 1964 election, whether the 1964 presidential election was close (the margin of victory or loss was within 10 percentage points), and the interaction of a Democratic win with a close election. These political variables allow us to test whether CAP funds disproportionately flowed to those counties with stronger Democratic constituencies, those with newer (young) Democratic constituencies, or those districts Democrats narrowly lost but hoped to regain in the 1966 midterm elections. The analysis also examines the relationship between OEO funding and whether the county was represented by a member or chair of a major House committee during the 89th Congress (January 1965-December 1966).<sup>19</sup> These variables allow us to test whether major committee members or chairs brought more funding to

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<sup>18</sup> *Congressional Quarterly Almanac*. "Antipoverty Program Funds Doubled," 1965, pp. 405-20. Multiple accounts reflect this thinking in the months leading up to the passage of the EOA. For instance, Johnson promised a reluctant congressman that despite CAP's direct grant mechanism, no money would be spent in his district "that hasn't got your initial on it, or mine" (McKee 2011, p. 50).

<sup>19</sup> See the Data Appendix for more detail on sources and data construction.

their home districts (or kept it out).<sup>20</sup>

A second (and potentially complementary) hypothesis is that the Johnson administration prioritized fighting poverty and racial discrimination, two pillars of his domestic campaign platform. This agenda may have been chosen because Johnson saw the platform's potential political benefits or because it reflected Johnson's long-suppressed humanitarian agenda. Robert Caro's biographies of Johnson document episodes during Johnson's rise to power that revealed "hints of compassion for the downtrodden, and of a passion to raise them up; hints that he might use power not only to manipulate others but to help others—to help, moreover, those who most needed help" (2002, p. xxi). Johnson also may have believed his domestic legacy would be the antipoverty agenda. Speaking with Senator Joseph Clark (D-PA), Johnson commented, "Lincoln abolished slavery, and we're going to abolish poverty" (Miller Center 1964).

Our analysis tests the importance of fighting poverty and racial discrimination by examining the relationship of EOA funding with measures of poverty and the nonwhite share of the population. Greater spending of EOA money in areas with higher poverty rates is broadly consistent with the Johnson administration targeting funds in accordance with the War on Poverty platform. We also examine the extent of this commitment. Whereas politically expedient adherence to the platform might result in the targeting of funds to areas with more citizens *just under* the poverty line, a more sincere (and less expedient) approach might target the *most disadvantaged areas*. These areas could show less measureable improvement by official poverty rates, even if livelihoods and individual welfare improved significantly (albeit not enough to cross the poverty threshold). We measure the intensity of disadvantage by the share

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<sup>20</sup> "Keeping funding out" relates closely to Alston and Ferrie's hypothesis about the political power and interests of the Southern Democrats. They argue that, after slavery was abolished, Southern plantations owned by the elites developed a system of plantation paternalism to attract and retain labor. Compliant laborers were rewarded with economic support and protection, and this system allowed Southern plantations to retain a supply of cheap workers to keep the plantation system functioning (Alston and Ferrie 1993; 1999). To protect this paternalist system, the South had opposed federal antipoverty programs during Reconstruction and the New Deal, which threatened to give agricultural laborers better outside options. (Thus, for example, agricultural workers were excluded from the original Social Security program. See Alston and Ferrie 1999, pp. 67-70; Newman and O'Brien 2011, pp. 7-20). As the invention of a mechanical cotton harvester made low-wage labor less important and the obligations of paternalism thus became a burden to the landed elite, the South's incentives for blocking federal welfare legislation fell. Mechanization, in effect, made a federal antipoverty program more appealing to Southern elites—as long as the programs were implemented in other areas and would encourage the outmigration of black and poor white farm laborers. We examine whether Johnson earned the support, or at least the neutrality, of Southern power brokers by not making CAP grants in areas dominated by Southern paternalism. Such a pattern would suggest that members of Congress had compromised with Johnson about the EOA's implementation in their districts instead of blocking the EOA's passage.

of individuals in households with incomes below \$2,000 and \$1,000.

Spending OEO money in areas with more nonwhites is consistent with the Johnson administration's battle against racial discrimination and Johnson's antipoverty agenda. Not only did African Americans have twice the national poverty rate of whites, but *de jure* and *de facto* institutions limited their opportunities to escape poverty. The distribution of more OEO funding directly to communities with more racial minorities could empower these minorities to develop their own antipoverty programs. It also could diffuse civil unrest and rioting (Gillezeau 2012) or reduce crime rates by allowing minorities greater access to formal institutions (Cunningham 2013). Moreover, even if money was not flowing to minorities directly, the OEO could threaten to withhold funding from whites to ensure greater cooperation. Thus OEO funding could help the federal government buy compliance with the 1964 Civil Rights Act and catalyze racial integration *while* fighting poverty.<sup>21</sup>

#### *Determinants of County-Level OEO Spending*

Figure 3 maps cumulative real per capita federal grants from 1965 to 1968 by county, with the more darkly shaded areas receiving more funding per person. Fewer obvious patterns emerge than might be expected. The counties of Appalachia are well funded, as are poor rural areas like the desert Southwest, eastern Oklahoma, and the Mississippi Delta. Large cities and metropolitan areas received grants but not typically amounts out of proportion to their populations. Yet clusters of unfunded counties appear in eastern Mississippi, rural Georgia, and the eastern Carolinas: all high-poverty regions.

Our regression analysis describes the role of politics and poverty in determining EOA funding using the following linear specification,

$$(2) \quad Y_i = H'_i \theta + P'_i \gamma + X'_i \beta + \varepsilon_i.$$

$Y$  is real cumulative CAP funding for years 1965 to 1968 in county  $i$ , expressed as real 1968 dollars per 1960 county residents, purged of state fixed effects. ( $Y$  can be thought of as the within-state variation in per capita EOA funding: the component of EOA funding that was not determined by the apportionment index.) The first two sets of covariates correspond to our two hypotheses:  $P$  is a row vector of covariates

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<sup>21</sup> Previous versions of this paper included explicit tests of the role of race riots, the escalation of Vietnam, and Alston and Ferrie's (1993) hypothesis about the erosion of paternalism. This version of the paper suppresses discussion of these hypotheses, because our analysis revealed that they played little role in the distribution of OEO funding decisions.

to measure political considerations, including the inverse population ratio (1,000/total county population), the 1964 Democratic presidential vote share, whether Johnson won the county in 1964, whether the presidential election was close, the interaction of whether the election was close and Johnson won, and the difference in Democratic vote shares between the 1964 and 1960 presidential elections.<sup>22</sup> In some specifications we include variables for the power of the county's delegation in the 89th Congress. These variables include the proportion of representatives that are Democrats; indicator variables for whether any of the county's representatives were members of a major committee, chairs or minority leaders of a major committee, or part of the House leadership; and indicator variables for whether any of the county's representatives were both Democrats *and* held seats or powerful positions on major committees or in House leadership.  $H$  is a row vector containing covariates related to fighting poverty and racial discrimination. These include measures of the share of the county population in households with annual incomes of less than \$3,000 in 1960, measures of the intensity of poverty (share of individuals in households earning less than \$2,000 and the share earning less than \$1,000 in 1960), and the share of the population that is nonwhite.

In addition, all specifications include other covariates,  $X$ , to account for other cross-sectional differences between counties that may have influenced the distribution of OEO funding: the shares of the county's population in urban areas, in rural farm areas, under age 5, over age 64, and of the very affluent (in households with annual incomes of \$10,000 or more in 1960).  $X$  also includes the size of local government in terms of total local government expenditures per capita, local government welfare expenditures per capita, and total local government tax revenue per capita in 1962. We also include a riot intensity measure for the fiscal year of funding (Collins and Margo 2007); a measure of the escalation of the Vietnam war (casualty rates), which many claim robbed the War on Poverty of funding and Johnson of political and public support; and a proxy of Alston and Ferrie's "paternalism" using the share of sharecroppers in the total number of farm operators from the 1930 Census of Agriculture (U.S. Bureau of

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<sup>22</sup> The inverse of population is often included in the New Deal literature to capture a fixed dollar amount per state or county. It is also an approximation of the importance of a given voter in a jurisdiction (Fleck 2001; Wallis 2001; Fishback *et al.* 2003).

the Census 1930; Depew *et al.* 2012).<sup>23</sup>

Table 2 presents the regression results. For brevity, tables 2 and 3 suppress the point estimates for the covariates in  $X$  (the full set of estimates is reported in Appendix A). Huber-White standard errors are presented in brackets beneath each estimate. The first three columns present the point estimates of different metrics of county-level poverty rates and column 4 uses the share of the county population that is nonwhite. Column 5 adds the political variables. Columns 6 to 8 present the estimates with all of the variables combined using each of three poverty rates (the three measures are highly collinear, so they are not included together).

These results provide strong evidence that the Johnson administration used OEO funding to fight poverty. *Within* states where the poverty index did not bind, the population share in poverty (by three measures) and share nonwhite are individually statistically significant at the 1 percent level and robust to the inclusion of other covariates in columns 6 through 8. But the effects are not large in an economic sense. A one standard-deviation higher share of the 1960 population in households with incomes less than \$3,000 (0.16) implies a \$7.86 increase in real, cumulative per capita federal CAP funding—about one-fifth of a standard deviation in funding (column 6). The implied elasticities are similar for measures of the intensity of poverty. For a one standard deviation higher share of the 1960 population in households with incomes less than \$1,000 and \$2,000, columns 6 and 7 imply a similar increase in cumulative per capita federal CAP funding—0.14 and 0.17 of a standard deviation, respectively. By this metric, the population share of nonwhites, however, is about twice as economically important. A one standard-deviation higher share of nonwhites (0.16) implies a \$14 increase in real, cumulative per capita federal CAP funding—over one-third of a standard deviation in the dependent variable (columns 6 to 8).

Political considerations also shaped decisions at the OEO. A one standard-deviation increase in

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<sup>23</sup> A further source was Price Fishback, Michael Haines, and Paul Rhode, “Data Entered from the Agricultural Censuses of 1930, 1935, and 1940,” personal communication, 20 June 2012. The final version of these data are included in Haines (2010). Paternalism is difficult to measure with existing data, so we experiment with multiple measures of Southern plantation agriculture. Qualitatively similar results were derived by using an indicator variable based either on counties considered plantation areas, according to a special U.S. census report on 1910 cotton farming (U.S. Bureau of the Census 1916; Whatley 1987), or on the devolution of the plantation system, using sharecropping rates in 1959 (U.S. Bureau of the Census 1959; Haines 2010) to determine the percentage of sharecroppers among farm operators. Alston and Ferrie’s hypothesis also bears on the interpretation of variables for whether Democratic power on key committees in the House of Representatives is negatively correlated with CAP spending in the South, although we described these variables as part of  $P$ .

Democratic share in the 1964 presidential election has roughly the same effect as a one standard-deviation increase in poverty—about 0.16 of a standard deviation increase in funding. Not only did more Democratic counties receive more money per capita, funds also rewarded districts with larger increases in Democratic share in the presidential elections between 1960 and 1964, with a one standard-deviation increase in this variable leading to 0.20 of a standard deviation increase in funding. Whereas swing counties received less funding, swing counties *won* by Democrats received slightly more *ceteris paribus*. These findings are robust to the inclusion of identical covariates for the 1960 presidential election as well as to alternative definitions of “swing” areas. In short, the Johnson administration invested in its new Democratic constituency by directing OEO funds to Democrat-trending areas as well as to Democratic strongholds. In contrast, we find no evidence that congressional committee membership during the 89th Congress mattered at all (the results for the 88th and 90th Congress do not alter this conclusion). Counties with representatives on major House committees, chairing major committees, or in positions of leadership (Democratic or Republican) have no predictive power in any of our regressions.

Presidential politics, however, explains very little of county-level OEO’s funding decisions. To make the relative contributions of poverty and politics more explicit, we summarize the partial  $R^2$  values of these sets of variables at the bottom of Table 2—a simple metric for determining how much of the variation in within-state per capita CAP funding is explained by the set of poverty variables or the set of political variables.<sup>24</sup> The  $R^2$  value for the political variables is 0.004 (column 5), significantly lower than for the poverty variables. Across specifications, approximately 3 percent of the variation in funding is explained by poverty, or 30 percent of the variation explained by the model. Politics explains less than 1 percent in all cases.

Much of the history of the War on Poverty focuses on the South and its interaction with civil rights. The majority of nonwhites lived in the South, and Table 2 shows that the nonwhite population share played an important role in shaping OEO funding. Moreover, the paternalism hypothesis (Alston and Ferrie 1993, 1999) suggests that local economic, demographic, and political considerations may have had

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<sup>24</sup> Note that the partial  $R^2$  statistics are calculated by leaving each individual or set of regressors out of the respective model. This approach may understate the explanatory power of the excluded regressor to the degree that it is correlated with the included regressors. We choose this approach because it is a more conservative approach to attribution.

different effects in the South. For both reasons, Table 3 splits our sample into non-Southern and Southern counties, roughly partitioning the country into halves (46 percent of all counties are in the South).

The results highlight some similarities and differences between the regions: poverty rates and share nonwhite have a strong and robust relationship to OEO spending. Similarly, changes in the share of a county voting for Democrats also matters in both regions, although Democratic strongholds do not appear to be rewarded in the South (where most places were Democratic strongholds). The economic significance of each of these variables, however, is weaker in the South. A one standard-deviation increase in Southern poverty rates or share nonwhite implies a 0.12 and 0.11 standard deviation increase in EOA spending, respectively (column 4). This is one-half (for poverty) to one-fifth (for share nonwhite) the magnitude of these effects in the rest of the United States (column 1).

The results also reveal striking differences in funding patterns between the two regions. First, roughly 40 percent of the variation in per capita OEO funding is explained by the model in non-Southern regions (partial  $R^2$ , columns 1 to 3). In the South, less than 3 percent is explained by the model (columns 4 to 6). Second, the lion's share of the explained variation outside the South is accounted for by the poverty variables (25 to 27 percent), whereas in the South very little of the variation is explained by poverty measures (less than 1 percent in all cases). Third, presidential politics seem to matter very little in general and even less in the South. Putting aside the fact that these estimates are statistically insignificant, their magnitude in the South is half the size of the implied effects elsewhere.

#### *Correlations of OEO Spending with Electoral Outcomes*

Our final analysis investigates whether EOA money was successful in building the Democratic coalition. Our analysis draws upon estimates by Jerome Clubb, William Flanigan, and Nancy Zingale (2006) of House election voter turnout and share of votes for Democrats by county using a panel version of equation (2) which omits the political variables and includes state-by-year fixed effects,

$$(3) \quad Y_{it} = \sum_y [H'_i \theta + X'_i \beta] 1(t = y) + \rho_{s(i),t} + \varphi_i + \varepsilon_{i,t},$$

where  $Y_{it}$  is now voter turnout or share of votes cast for Democratic candidates in county  $i$ , in year  $t=1950, 1952, \dots, 1958, 1962, \dots, 1972$  (note: 1960 is omitted);  $\varphi_i$  are county fixed effects;  $\rho_{s(i),t}$  are state-by-year fixed effects; and other variables remain as previously defined. The specifications describe

changes in voter turnout and support of Democrats in poorer and more nonwhite counties after accounting for secular changes in state politics, redistricting in the state-by-year fixed effects, and the time-varying effects of other covariates.

Figure 4 supports the claim that OEO spending boosted voter turnout (panel A) and support of the Democrats (panel D) in poor areas. Panel A plots the point estimates for each year on the interaction between year and either (1) the share of the population in households earning less than \$3,000 per year (solid line) or (2) the share nonwhite (dashed line). Except for a short-term increase in 1958, the relationship of share nonwhite (dashed line) to voter turnout is stable from 1950 to 1962. In 1964, however, the relationship increases rapidly. Counties with a one percentage point higher share nonwhite in 1960 experienced a 0.20 percentage point increase in voter turnout during the 1968 election—a pattern driven by higher turnout in nonwhite counties of the South. A more modest and short-run relationship is seen for poorer counties, which experienced low turnout in 1960 and 1964 relative to the Eisenhower era, only to surge to their highest level in 1966 before falling steadily from 1968 to 1972.

One interpretation of this result is that the groups the OEO intended to empower, especially nonwhites, became more politically engaged during the 1960s. If this were the case, the share of voters supporting Democrats should also *grow* in poorer and more nonwhite areas where turnout increased after 1964. But panel D shows this is only part of the story. After steadily decreasing during the 1950s and early 1960s, support for Democrats in poorer areas increased from 1964 to 1968 (solid line). A one standard-deviation higher poverty rate in 1960 (0.16) implies a 1.8 percentage point ( $11.3 \times 0.16$ ) higher Democratic vote share in the 1966 election, or an increase of 3.5 percent. Because turnout was not trending this way, the War on Poverty may have won over existing voters or changed the composition of who went to the polls. The reverse appears to be true for more nonwhite areas. Again, after the 1950s and early 1960s, when the relationship between nonwhite population share and share voting for Democrats changed little, the Democratic vote share in areas that were more nonwhite decreased rapidly between 1964 and 1968. A one standard-deviation higher share nonwhite in 1960 (0.16) implies a 1.4 percentage point ( $8.7 \times 0.16$ ) or 2.8 percent *lower* vote share in the 1968 election. The rising turnout in more nonwhite counties, therefore, reflected increases in votes for *Republicans*. This is consistent with backlash

voting or to growing disillusionment with the War on Poverty.

Notably, these patterns differ across regions. Voter turnout in poor areas increased in non-Southern regions (Figure 4B) but not in the South (Figure 4C), whereas voter turnout in nonwhite areas increased in the South (Figure 4C) but not in non-Southern areas (Figure 4B). Interestingly, the share of the vote for Democrats changed little in poorer areas of the non-South (Figure 4E), whereas Democratic vote share rose sharply in poorer areas of the South (Figure 4F). For more nonwhite areas, Democratic vote share increased in the non-South (Figure 4E) but fell sharply in the South (Figure 4F). On the whole, these results are consistent with the Democrats' strategy backfiring, but only somewhat. Although turnout increased after 1964 in areas getting greater EOA funding, Democrats gained fewer of these votes than the Republicans did, and in the region where they gained the greatest share among the poor—the South—they appear to have lost more to the politics of race (see also Cascio and Washington forthcoming on the role of the Voting Rights Act).

#### REMEMBERING THE WAR ON POVERTY: THE IMPORTANCE OF POLITICS

Just a few years after Johnson's bold 1964 State of the Union declaration, the OEO's demise began. As early as 1967, Congress transferred control of some of its programs to local governments. Largely due to discontent over the Vietnam War, Johnson dropped out of the 1968 presidential election. Under President Richard Nixon, more OEO programs were transferred to other federal agencies and, ultimately, the office was disbanded. The conventional wisdom about the War on Poverty and the OEO has become that they failed.

How this conventional wisdom came to be is not precisely known. It emerged in the late 1960s and early 1970s as the official poverty rate plummeted to reach its historic low of around 11 percent in 1973, down from 19 percent in 1964. Even though presidents are generally held accountable for changes in economic outcomes occurring during their administration (regardless of whether they caused them), Johnson did not get credit for the *30 percent drop* in poverty (6.2 percentage points, over 19.1 official poverty rate in 1964) from 1964 to 1968.

One hypothesis for the conventional wisdom that the War on Poverty failed is that its programs did not work. Recent work, however, suggests that the War on Poverty had a large impact on poverty (Bailey

and Danziger 2013). Some of this effect was immediate. Recent work extending the supplemental poverty measure (which takes a fuller accounting of changes in non-cash transfers and those through the tax code) backwards in time shows that poverty rates fell from almost 26 percent in 1967 to 16 percent today, a fall greatly aided by programs begun under the War on Poverty (Wimer et al. 2013). A complementary, consumption-based measure of poverty registers a 26 percentage point decline from 1960 to 2010, with just over two-thirds of this decline occurring before 1980 (Meyer and Sullivan 2012). Many benefits were also longer-run in nature: a growing literature argues that many War on Poverty programs were fairly successful at increasing human capital, improving health, and reducing racial inequality over the longer term (Ludwig and Miller 2007; Chay et al. 2010; Cascio et al. 2010; Almond et al. 2011; Bailey 2012; Gillezeau 2012; Bailey and Goodman-Bacon 2012; Bailey 2013; Cunningham 2013; Almond *et al.* forthcoming). It is puzzling that the Johnson administration did not get credit for some of these successes.

A second hypothesis is that the “failure” narrative reflects the success of critics in rewriting history. But this claim forgets the fact that President Ronald Reagan’s quip in his 1988 State of the Union that “the federal government fought the war on poverty, and poverty won” was not new. Allegations of the War on Poverty’s failure dates to critics in both political parties. Accounts from the late 1960s argued that the CAP programs were born of conflicting ideas and administrative chaos—the programs of professors, not practitioners (Levine 1970; Forget 2011).<sup>25</sup> Prominent scholars agreed saying that the War on Poverty’s “promises were extreme; the specific remedial actions were untried and untested; [and] the finances were grossly inadequate” (Ginzberg and Solow 1974, p. 219).

The difference in historical memory of the War on Poverty and the New Deal is striking. Although the New Deal’s effectiveness as a set of policies has been contested in scholarship, its policies—even without a large or immediate rebound in private sector employment—were regarded as successful at the time as they are remembered today. This collective memory of the New Deal’s success transcends party lines. When criticized for dismantling New Deal programs, Reagan corrected reporters noting he had voted for Roosevelt four times and remarked, “I’m trying to undo the Great Society...it was LBJ’s war on

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<sup>25</sup> Moynihan, Daniel Patrick. “The Professors and the Poor.” *Commentary*, August 1968. Other critics argued that not enough money was spent on the poor and that the Johnson administration did too little to effect change (King 1968; Katznelson 1989).

poverty that led us to our present mess” (Berkowitz 2001, p. 98). Although the Great Depression lasted, Roosevelt’s New Deal programs are remembered as successes.

This paper’s analysis provides hints regarding a third hypothesis for the belief that the War on Poverty failed: implementation. Our finding that the Johnson administration distributed CAP funds to poorer areas—rather than those with greater political importance—shows how differently the War on Poverty was waged than the New Deal. Rather than including and empowering state and local politicians and community leaders in the allocation process as in the New Deal, OEO funds were used to circumvent and challenge these interests. OEO funds flowed to poor and nonwhite areas, which empowered new constituencies of poor and African Americans. Our quantitative analysis underscores these differences. Measured by partial  $R^2$ , Fishback, Kantor, and Wallis’s (2003) political variables explain 25 percent of the county-level distribution of New Deal spending. The equivalent variables during the War on Poverty explain roughly *one percent* of the variation in OEO county-level spending (see Appendix A Table A5). Unlike New Deal funding, OEO grants did not flow to (or away from) areas with powerful congresspersons or meaningfully reward swing voters that helped Democrats win the most liberal Congress since the New Deal.

In line with many contemporary accounts and retrospectives, our analysis suggests that OEO funding generated backlash and appeared to hurt Democrats in the late 1960s and early 1970s—especially relating to the politics of race in the South. Unlike the New Deal, which engendered good will for decades, the War on Poverty generated resentments—and, in the shorter term, votes for Republicans in areas with more potential African American voters.

Given Johnson’s ambition to recreate Roosevelt’s style and political reputation, the differences between the political economy of the New Deal and War and Poverty are perhaps surprising. But just days after Kennedy’s assassination, a staffer advised Johnson to focus on small, popular policy proposals instead of bold—and divisive—goals like civil rights. Johnson responded, “What the hell’s the presidency for?” (Caro 2012, p. 428). The OEO’s focus on fighting poverty and racial discrimination—over politics as usual—is consistent with this humanitarian vision. The quantitative picture that emerges from our analysis is that the War on Poverty was a sincere attempt, albeit an underfunded one, to champion change.

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**Table 1. The Relationship between EOA Poverty Index and CAP Spending, 1965 to 1968**

	(1)	(2)	(3)	(4)	(5)
<i>A. Dependent Variable: Real Federal CAP Funding (No Census Region Fixed Effects)</i>					
	1965	1966	1967	1968	1965-1968
Index apportioned funds in FY	0.898*** [0.137]	1.137*** [0.0915]	1.395*** [0.0563]	1.190*** [0.0362]	
Cumulative apportioned funds, 1965-1968					1.206*** [0.0549]
Constant	-1.002** [0.476]	-0.373 [0.876]	-0.495 [0.708]	1.015 [0.680]	-1.16 [2.408]
Observations	48	48	48	48	48
$R^2$	0.763	0.914	0.93	0.92	0.932
Coefficient >1 $p$ -value	0.230	0.070	0.000	0.000	0.000
Coefficient=1.25 $p$ -value	0.033	0.497	0.001	0.790	0.914
<i>B. Dependent Variable: Real Federal CAP Funding (With Census Region Fixed Effects)</i>					
	1965	1966	1967	1968	1965-1968
Index apportioned funds in FY	0.938*** [0.103]	1.168*** [0.0724]	1.418*** [0.0366]	1.201*** [0.0372]	
Cumulative apportioned funds, 1965-1968					1.230*** [0.0340]
Midwest=1	-1.470* [0.734]	0.654 [1.268]	-2.756* [1.397]	-1.841 [1.247]	-5.591 [4.028]
South=1	-3.339*** [0.925]	-0.999 [1.464]	-4.486** [1.800]	-1.53 [1.888]	-10.90** [5.183]
West=1	-0.201 [0.695]	3.297* [1.683]	0.572 [1.322]	1.548 [1.454]	5.699 [4.493]
Constant	0.346 [0.448]	-1.295 [1.150]	1.285 [0.988]	1.479* [0.861]	1.542 [2.738]
Observations	48	48	48	48	48
$R^2$	0.862	0.93	0.945	0.927	0.946
Coefficient >1 $p$ -value	0.274	0.013	0.000	0.000	0.000
Coefficient=1.25 $p$ -value	0.014	0.659	0.000	0.970	0.386

Notes: Stars denote statistical significance as follows: \* = Significant at the 5 percent level. \*\* = Significant at the 1 percent level. \*\*\* = Significant at the .05 percent level. Huber-White standard errors are in brackets. Sample excludes Alaska, Hawaii, and the District of Columbia.

Sources: See Figure 1.

**Table 2. County-Level Correlates of CAP Spending, 1965 to 1968**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Dependent Variable: Real Federal CAP Expenditures per Capita</i>								
<i>Poverty Variables</i>								
Population share in with incomes								
≤ \$3K	72.34***					49.14***		
	[14.290]					[11.649]		
≤ \$1K		144.86***					80.92***	
		[36.345]					[25.957]	
≤ \$2K			93.40***					51.75***
			[19.661]					[13.186]
Share nonwhite				85.59***		85.14***	82.04***	82.09***
				[21.242]		[21.777]	[20.671]	[21.554]
<i>Political Variables</i>								
1,000/population					7.63	9.75*	6.69	6.19
					[5.850]	[5.579]	[5.353]	[5.291]
<i>1964 Presidential Election</i>								
Change in share for Democrat, 1960-1964					26.97***	56.62***	54.68***	55.03***
					[10.404]	[14.875]	[14.743]	[14.832]
Share for Democrat					29.70**	32.30**	33.72**	32.79**
					[13.337]	[13.084]	[13.190]	[13.130]
1= Democrat won					-5.08	-4.88	-5.05	-4.92
					[3.511]	[3.424]	[3.436]	[3.428]
1=Election close (+/-10 points)					-6.07***	-4.29**	-4.36**	-4.26**
					[2.116]	[1.997]	[1.992]	[1.995]
1= Election close x 1=Democrat won					7.66**	6.67*	6.94*	6.78*
					[3.695]	[3.569]	[3.547]	[3.578]
<i>89th Congress House Representative(s)</i>								
1=Democrat					0.20	-0.87	-0.90	-0.79
					[2.311]	[2.262]	[2.264]	[2.256]
1=Major committee member/leader					-2.02	-0.78	-0.75	-0.69
					[3.067]	[2.832]	[2.813]	[2.821]
1=Major committee member x 1=Democrat					0.32	0.75	0.69	0.59
					[3.598]	[3.450]	[3.418]	[3.429]
1=Major committee chair/leader					-0.17	0.10	-0.21	-0.16
					[2.368]	[2.242]	[2.281]	[2.262]
1=Major committee chair/leader x 1=Democrat					-0.40	-1.27	-0.30	-0.81
					[3.223]	[3.222]	[3.199]	[3.223]
Observations	3,091	3,091	3,091	3,091	3,091	3,091	3,091	3,091
R <sup>2</sup>	0.045	0.050	0.050	0.070	0.038	0.090	0.089	0.089
<i>Partial R<sup>2</sup></i>								
Poverty variables	0.009	0.015	0.014	0.022		0.031	0.027	0.028
Political variables					0.004	0.010	0.009	0.009

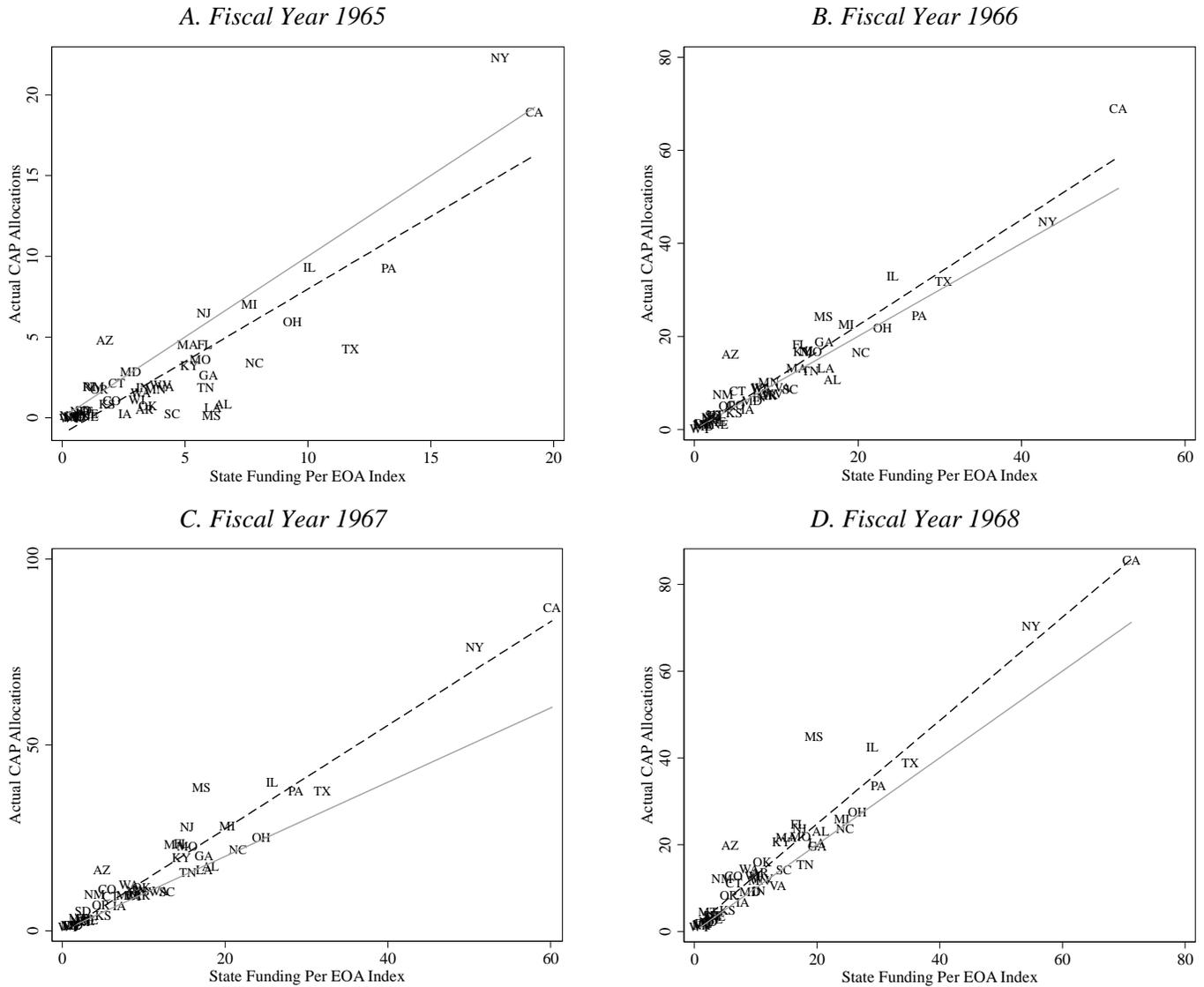
Notes: The unit of observation is a county or “super-county,” whichever is the lowest unit of geographic aggregation observed in all of our data sources. Estimates are obtained by ordinary least squares regression of the specification described in equation (2). The dependent variable is the residual of a regression of real federal expenditures through the Community Action Program from 1965 to 1968 on state fixed effects. Suppressed covariates include percent of a county’s population that is rural or farm and percent that is urban, under the age of 5, over the age of 64, or lives in a household with more than \$10,000 in annual income. They also include the Vietnam casualty rate, a measure of riot intensity (Collins and Margo 2007), the number of sharecroppers per total farm operators, local government’s direct expenditures per capita (1962), direct expenditures on welfare (1962), and total tax receipts per capita (1962). Estimates are unweighted. Stars denote statistical significance as follows: \* = 5 percent level. \*\* = 1 percent level. \*\*\* = .5 percent level. Huber-White standard errors are in brackets. The county sample includes the coterminous United States, excluding the District of Columbia. Sources: See data appendix for more details and analysis appendix for coefficients on suppressed covariates.

**Table 3. County-Level Correlates of CAP Spending in the South and Non-South, 1965 to 1968**

	(1)	(2)	(3)	(4)	(5)	(6)
	<i>Dependent Variable: Real Federal CAP Expenditures per Capita</i>					
	<i>Non-South Only</i>			<i>South Only</i>		
<i>Poverty Variables</i>						
Population share with incomes						
≤ \$3K	83.45*** [26.025]			31.93** [12.451]		
≤ \$1K		211.44*** [70.400]			45.54** [20.150]	
≤ \$2K			127.09*** [37.551]			34.39*** [12.256]
Share nonwhite	411.66*** [88.228]	396.67*** [81.937]	396.04*** [85.550]	21.65* [12.375]	20.18* [11.710]	19.45 [11.972]
<i>Political Variables</i>						
1,000/population	7.75 [8.332]	2.69 [8.355]	2.84 [8.818]	1.39 [2.974]	0.36 [3.030]	-0.85 [3.195]
<i>1964 Presidential Election</i>						
Change in share for Democrat, 1960-1964	45.86** [20.882]	45.01** [21.264]	42.77** [21.223]	33.04** [13.342]	31.83** [13.390]	31.93** [13.405]
Share for Democrat	51.78** [22.044]	53.59** [22.018]	53.19** [22.090]	1.69 [14.422]	2.27 [14.373]	1.96 [14.384]
1= Democrat won	-9.11* [5.073]	-9.08* [5.085]	-9.00* [5.064]	1.26 [4.337]	1.17 [4.337]	1.25 [4.334]
1=Election close (+/-10 points)	-3.48 [2.965]	-3.83 [3.049]	-3.33 [3.012]	-2.37 [2.317]	-2.40 [2.343]	-2.37 [2.314]
1= Election close x 1=Democrat won	9.23* [4.735]	10.05** [4.764]	9.30* [4.746]	2.72 [4.480]	2.66 [4.500]	2.76 [4.487]
<i>89<sup>th</sup> Congress House Representative(s)</i>						
1=Democrat	-1.97 [2.251]	-2.24 [2.229]	-2.02 [2.243]	2.54 [3.519]	2.60 [3.561]	2.82 [3.554]
1=Major committee member/leader	3.26 [2.791]	3.41 [2.770]	3.48 [2.766]	-6.09 [3.897]	-6.27 [3.876]	-6.08 [3.892]
1=Major committee member x 1=Democrat	-3.68 [3.529]	-4.26 [3.489]	-4.16 [3.507]	4.39 [3.920]	4.54 [3.929]	4.31 [3.930]
1=Major committee chair/leader	-2.68 [3.038]	-2.75 [3.030]	-2.58 [3.045]	-0.12 [2.813]	0.41 [2.785]	0.13 [2.796]
1=Major committee chair/leader x 1=Democrat	20.37* [10.742]	19.49* [10.478]	20.35* [10.481]			
Observations	1,677	1,677	1,677	1,414	1,414	1,414
R <sup>2</sup>	0.413	0.419	0.417	0.028	0.027	0.028
<i>Partial R<sup>2</sup></i>						
Poverty variables	0.279	0.253	0.252	0.006	0.005	0.006
Political variables	0.022	0.024	0.023	0.005	0.004	0.004

Notes: See Table 2 notes for specification and other details. In columns 4-6, interactions of 1=Represented by a House Democrat with committee membership and chairmanship/leadership are omitted due to collinearity. Sources: See data appendix for more details.

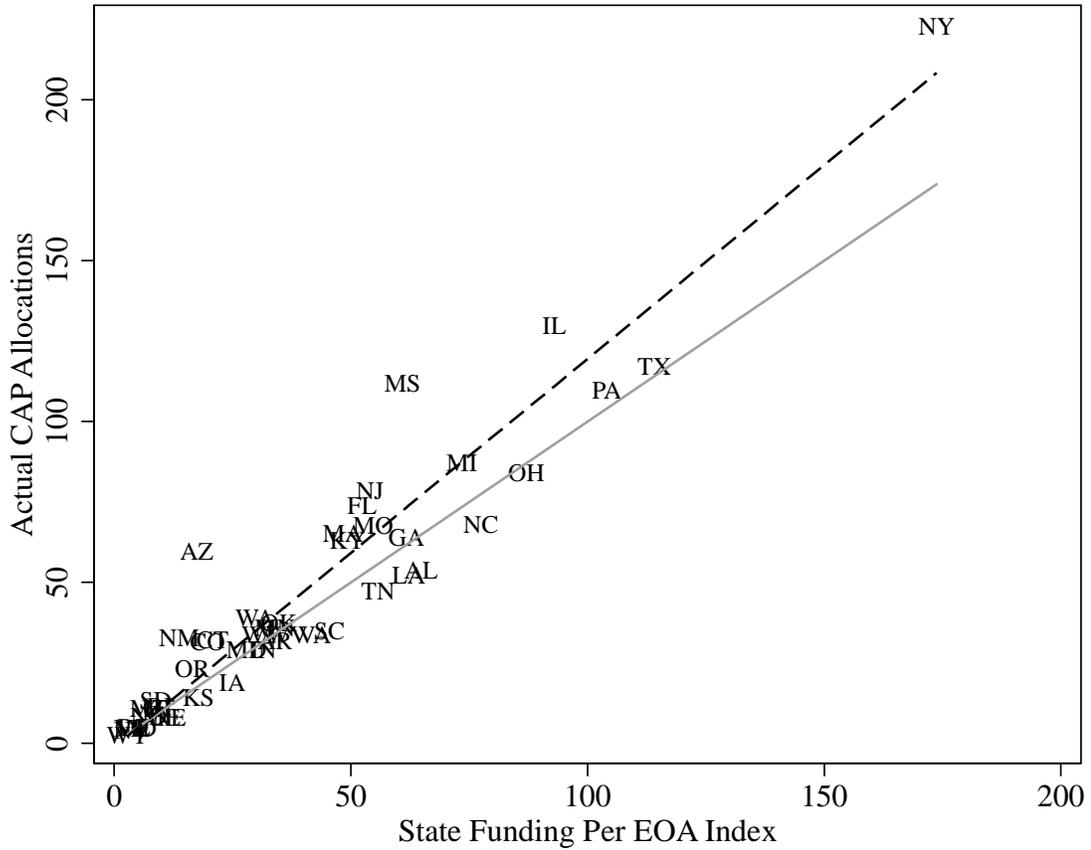
**Figure 1. The Relationship of 1965-1968 CAP Spending to the EOA Apportionment Index, by Fiscal Year**



Notes: The x-axis indicates the total minimum funding according to the EOA poverty index for each state for the relevant fiscal year in millions of 1968 dollars. See equation (1) and the text for details. The y-axis indicates actual federal allocations in millions of 1968 dollars for each state for the relevant fiscal year, including index allocations and the remaining 20 percent of CAP funds at Shriver's discretion. The solid line is the 45-degree line, and the dashed line is fit by least squares regression. A state will fall along the 45-degree line if it received the minimum apportioned in the EOA. Points above the 45-degree line indicate that a state received more than its minimum apportionment, whereas points below the line indicate the reverse.

Sources: EOA index is developed from U.S. House (1964b), U.S. Department of Labor (1965-1968), and U.S. Department of Health, Education, and Welfare (1965-1968). Actual allocations are aggregated using the NACAP grant data.

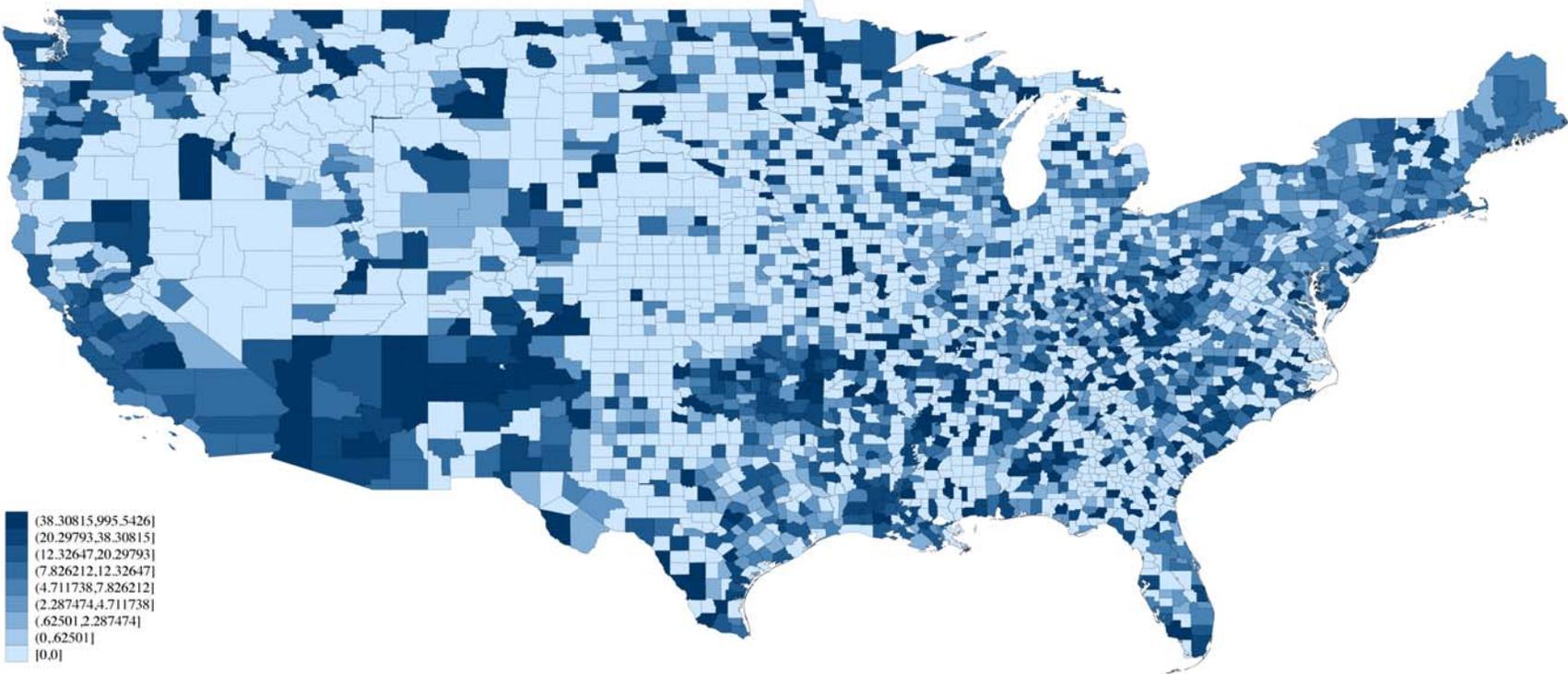
**Figure 2. The Relationship of Cumulative 1965-1968 CAP Spending to the EOA Apportionment Index**



Notes: The x-axis indicates the total minimum funding according to the EOA poverty index for each state for fiscal years 1965-1968 in millions of 1968 dollars. See equation (1) and the text for details. The y-axis indicates actual federal allocations in millions of 1968 dollars for each state, including index allocations and the remaining 20 percent of CAP funds at Shriver's discretion.

Sources: See Figure 1.

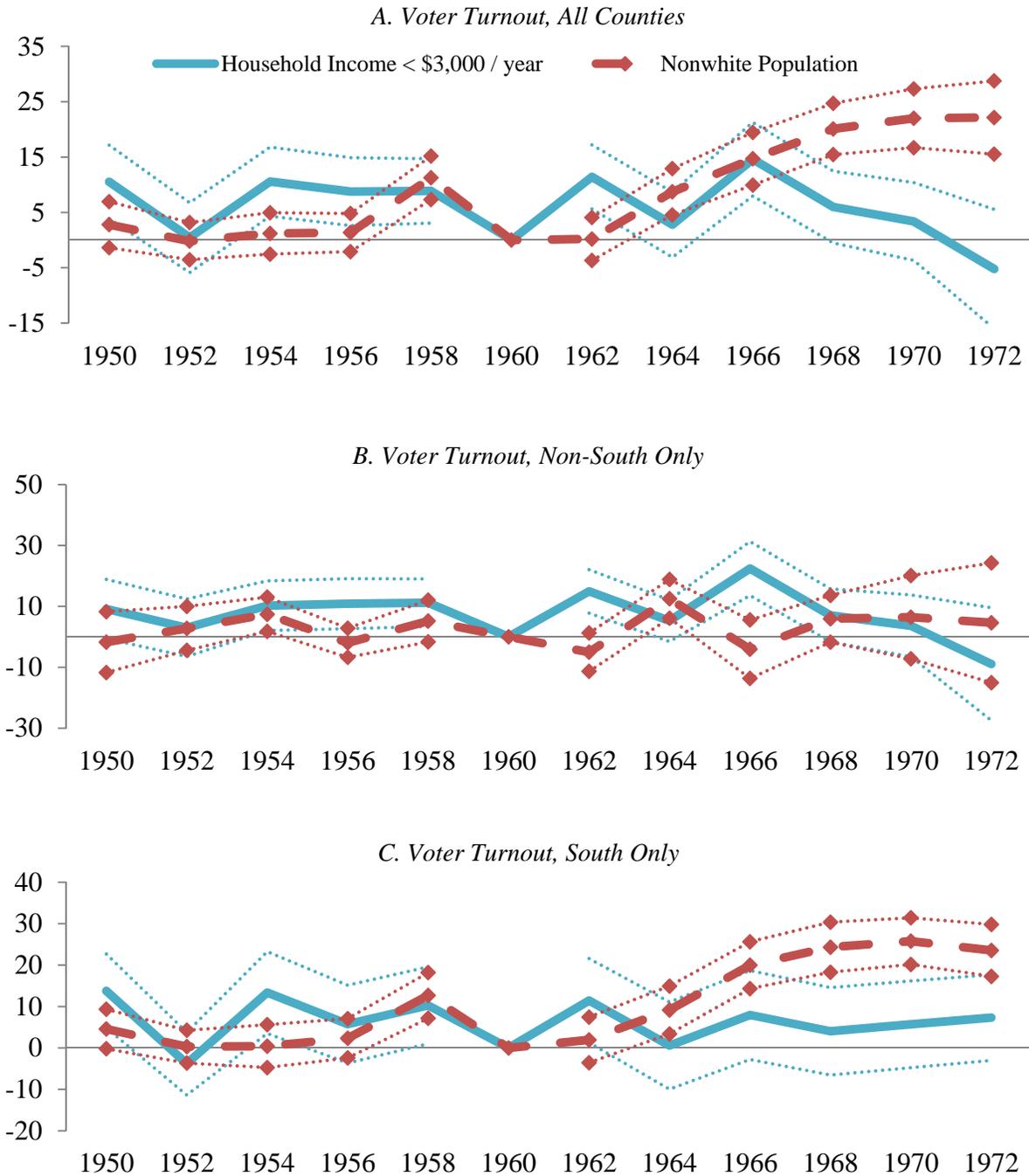
**Figure 3. County-Level, Per-Capita Community Action Program Spending, 1965-1968**



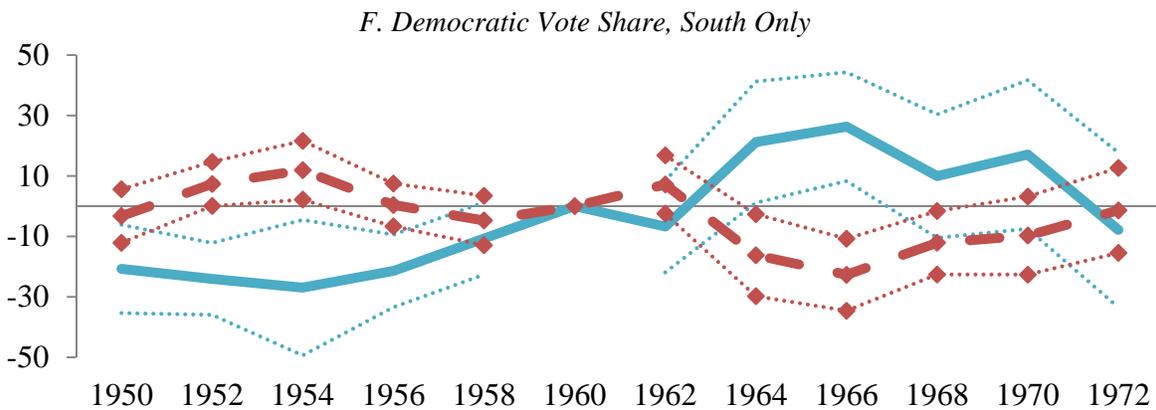
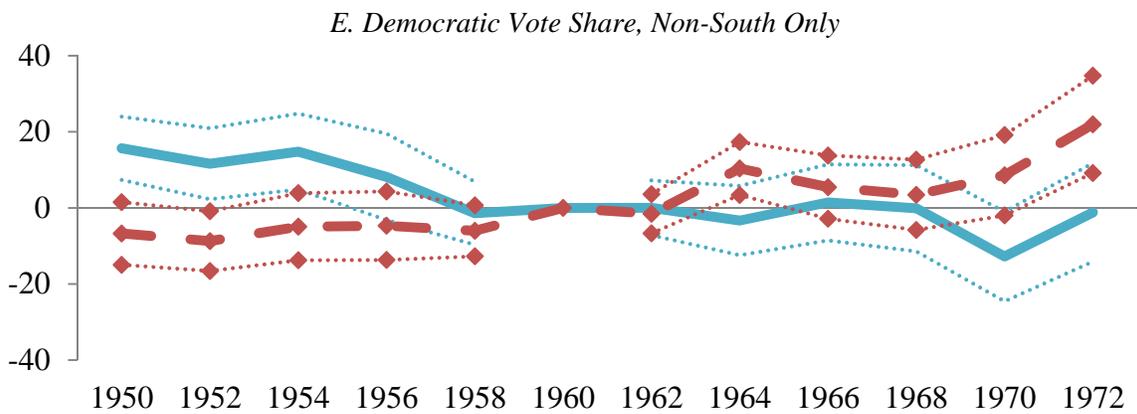
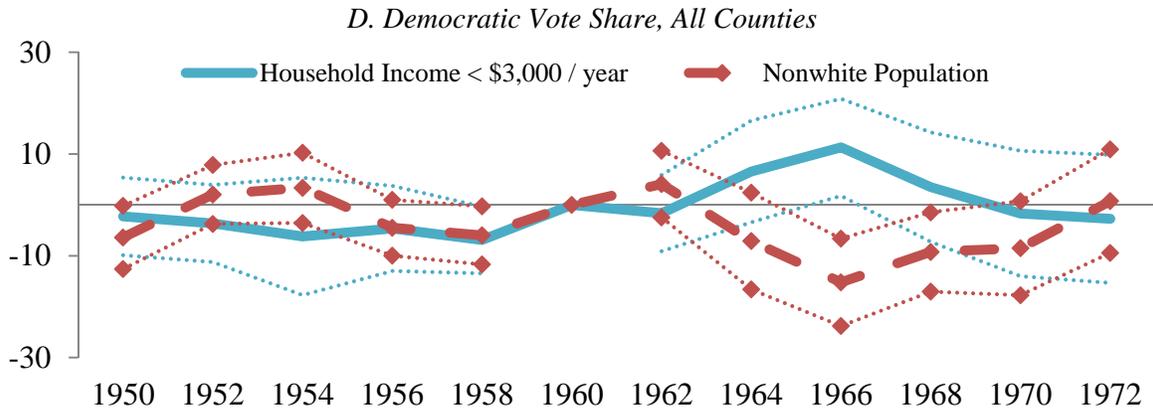
Notes: Shades of blue indicate the cumulative amount of CAP per capita spending from 1965 to 1968 in real 1968 dollars in each county. Zero dollars are indicated in the lightest shade and the highest per capita spending is indicated the darkest shade. Bracketed ranges in the legend indicate the ranges represented by each shade of blue.

Source: Authors' calculations using the NACAP grant data. See data appendix for more details.

**Figure 4. County-Level Election Outcomes in the House of Representatives by Year and County Characteristics**



**Figure 4 (continued)**



Notes: Estimates plot the changing relationship of share of population in poverty and share of population nonwhite to the outcome variable of interest. The outcome variable for panels A, B, and C is voter turnout. For panels D, E, and F, the outcome variable is Democratic vote share. Smaller point lines mark pointwise 95-percent confidence intervals. See the text for more details.

Sources: Estimated voter turnout and Democratic vote share from Clubb, Flanigan, and Zingale (2006). Household income <\$3,000 and nonwhite shares from Haines (2010). See data appendix for more details.