

War on Poverty Over 5 Decades: Initial Research Results

Poverty Benchmark Analysis
Multnomah County Oregon



Department of Support Services

NOVEMBER 1998

www.multnomah.lib.or.us/budget/eru/

Over Five Decades

SOCIETAL BACKGROUND	ECONOMIC DEVELOPMENT	PEOPLE DEVELOPMENT
		<ul style="list-style-type: none"> ▪ 1935 Social Security Act created Aid to Families with Dependent Children, Medicaid and Social Security. ▪ Public housing built as transitional housing for the middle class.
<ul style="list-style-type: none"> ▪ There was little research and little action because everyone thought that the economic boom would take care of everyone. 	<ul style="list-style-type: none"> ▪ 1949 Redevelopment Act created the Urban Renewal Program to deal with problems in the inner city: public-private partnership, economic revitalization, and relocation. Programs helped private interests but low income residents could not afford new homes and the new neighborhoods were no better and sometimes worse. Pittsburgh and a few other places succeeded so the Urban Renewal continued until 1974. (Galster, p.18) ▪ 1956 Federal Aid Highway Act built highways and in 1970 the suburban population surpassed the central city. (Galster, p.19) 	<ul style="list-style-type: none"> ▪ 1949 Housing Act authorized loans and grants for neighborhood redevelopment and low income homes. FHA and HA introduced low interest mortgage loans.
<ul style="list-style-type: none"> ▪ Michael Harrington's book called attention to hardships faced by the aged, small farmers, people with disabilities, racial minorities and Appalachian residents. "Because of various structural barriers in the economy, these 	<ul style="list-style-type: none"> ▪ 1961 Area Redevelopment Act provided aid to pockets of poverty through business loans and public works. (Galster, 1944) ▪ 1965 Economic Development Act established the first area-targeted business investment program to create jobs: cut rate investment capital; land and infrastructure development grants. This program advanced public-private 	<ul style="list-style-type: none"> ▪ 1961 Commission on Juvenile Delinquency and Youth Crime financed demonstrations in employment, remedial education and neighborhood service centers. ▪ 1961 AFDC-Unemployed Parent program was an optional program to states to proved benefits to select two

people were not capable of being pulled out of poverty by general economic growth."

- Poverty became a media issue and by the mid 60s over half the poor lived in cities.
- When poverty burst into prominence, researchers "were not prepared, had no data, and didn't know what to do."
- 1962 Survey Research Center said, "The elimination of poverty is well within the means of the federal, state and local governments...costing only \$10 billion, less than 2% of the GNP."
- Some thought poverty was cultural: poverty was caused by personal shortcomings that were passed onto children. This thinking argued against government interference.
- Some thought poverty was structural: the behaviours and attitudes of poor people resulted from poverty. The cause was inferior schools, discrimination, classism and market constraints. This

partnership but did little to increase investment in central-city manufacturing.

- **1966** Demonstration Cities Act created a new program for comprehensive neighborhood renewal: housing renovation, neighborhood facilities, urban services, and job creation activities. (Galster, p.18)
- **1966** Model Cities Program channeled federal aid to neighborhoods through city agencies. Instead of social services and job training the emphasis was on comprehensiveness: physical revitalization and social services. Model cities was underfunded and hobbled by requirements in planning, implementation and evaluation. It failed to deliver much in housing, social services and business development. The failure did much to shatter belief in social science. The complexity of persistent poverty defied analysts and part of the problem was also urban governance. "The problems of poor areas are multidimensional, whereas the organization of government is functional and problem specific...One enduring but illusory appeal of area-targeted programs is their promise to impose a coherent pattern on an otherwise fragmented public service delivery system." (Galster, p.21)
- The above "programs proved expensive, cumbersome to implement, sometimes inappropriate to local needs and conditions, and disappointingly short on concrete successes.

parent families so that unemployed fathers would not leave.

- **1962** Manpower Training and Development Act enrolled 2.2 million to improve their productivity.
- **1962** Public Welfare Amendment pushed for prevention and rehabilitation rather than a monthly check. Counselling (i.e. against nonmarital births) required smaller caseload and increased casework.
- **1963** Council of Economic Advisors decided that the federal poverty level was a budget one third of which was for food. This meant there was 34M official poor American in 1963. Social Security created poverty lines for 120+ types of households.
- **1964** Office of Economic Opportunity was built to develop and oversee a variety of initiatives to combat poverty by expanding opportunities rather than welfare. Job Corps, Neighborhood Youth Corps, Work Incentive Program, Head Start, Upward Bound, Follow Through, Teacher Corps, Title I. Emergency Food Aid, School Lunch, Neighborhood health centers, and Legal Services.
- **1967** Work Incentive Program required states to evaluate clients for

<p>thinking called for massive program interventions.</p> <ul style="list-style-type: none"> ▪ The War on Poverty focussed on people's inability to earn due to: inadequate economic growth; inadequate personal skills; and unfair or unresponsive social structure. ▪ Urban revolts in Watts, Cleveland, Chicago, Detroit and Newark made society reconsider the efficacy of high-density public housing. 	<p>Indeed, the entire intergovernmental aid system came under fire. The War on Poverty had been less a strategic and coordinated on urban ills than a series of piecemeal and ad hoc attacks on specific problems." (Galster, p.23)</p>	<p>employment and training programs. Income disincentives were removed. In 1972 all AFDC mothers with kids under six with child care had to do WIN.</p> <ul style="list-style-type: none"> ▪ Community Action program attempted to coordinate local services. ▪ Increase in coverage and type of cash and in-kind transfer programs. Social Security, Medicaid, AFDC, public housing, Food Stamp all grew. These programs brought 60% of the poor over the federal poverty line and the majority were the elderly. Social Security and Medicaid are not income tested. ▪ Urban renewal meant poor had to move to public housing as old palces were torn down.
<ul style="list-style-type: none"> ▪ Conservatives wanted to count poverty to include a variety of programs. Liberals wanted a recalculation to reflect an increase in standard of living. Regardless how you counted it poverty rose during the 80s and real income fell. ▪ There is consensus that school age mothers needed to go to work to become self-sufficient. 	<ul style="list-style-type: none"> ▪ 1970 The Council for Urban Affairs was an executive office that would develop strategies for urban renewal. There was still faith that a well concieved and carefully coordinated plan could bear fruit. Efforts to coordinate across agencies bureaucratic turfism and jealousy among congressional committees. It was a patchwork of demonstration programs or repackaging of ongoing programs. There was a failure to formulate a genuinely comprehensive urban policy. ▪ The New Federalism policy consolidated streams 	<ul style="list-style-type: none"> ▪ Due to public opinion, programs stressed opportunities and not handouts: stimulating the economy, enhancing training and reducing institutional barriers. In kind programs were indirect and targeted to the deserving poor. ▪ Means tested programs for the elderly focussed on prevention: education, housing, nutrition and medical care.

of federal revenue into block grants which kept the national objectives but local decision-making. Community Development Block Grant a neighborhood centered program. It succeeded in streamlining community economic development bureaucracy.

- Congress authorized several public housing developments renovating low income rental and homeowner housing in declining central cities. Minimal funding shared piecemeal resulted in little success but local governments learned how to do housing and neighborhood development planning. (Galster, 24)
- **1977** Community Reinvestment Act forced financial institutions to reinvest in neighborhoods in which they took deposits. This act was intended to combat the practice of redlining based on racism and risk-aversion. There is anecdotal evidence that this act has partially offset the drain of capital from neighborhoods.
- **1978** Urban Development Action Grant symbolized new public-private cooperation with a twist: private sector had to pledge funds up front before public funds could be used. This reduced the risk of public funds in untested markets. This program seems to be working though it's still too early to say.

<ul style="list-style-type: none"> ▪ Society began talking about the gap between the haves and have-nots. The underclass was portrayed as enclaves of permanent poverty and vice. 	<ul style="list-style-type: none"> ▪ Thanks to all the previous grants cities and local governments built a variety of skills. Local governments compete with an array of economic development packages designed to catch business siting: venture capital; tax abatements, discount financing; targeted employment and training, loan guarantees. There was also a push to retain businesses and build small businesses. ▪ Central cities gained in white collar job. There was service industry job generation in the suburbs but potential job holders could not get there due to transportation and poor job referral networks. The decline of central city public education meant that high school graduates did not have advanced literacy and info tech skills for new job classes. In short, low-skill central city workers did not benefit from new job growth. 	<ul style="list-style-type: none"> ▪ 1984 WIN became JOBS: expanded training, basic education, employment. Target teenage parents and long term welfare dependents, increased for child care. Transitional Medicaid and subsidized child care. ▪ 1988 Family Support Act ▪ No new acts or initiatives but means tested programs continued to rise in cost.
<ul style="list-style-type: none"> ▪ Structuralist and deindustrialization causes of poverty was winning but there is even less money for programs. ▪ The alarming rise in numbers of children in poverty. Realization that poverty is a transitional state for many. ▪ Realization that policymakers have limited ability to offset market forces; private sector developers see market 	<ul style="list-style-type: none"> ▪ 1993 Enterprise zones were finally approved and showed the emergence of state governments as dominant players in urban economic development. It also shows federal inability/unwillingness to act in this area. ▪ Rather than spending more money, the emphasis is on reinventing HUD using bottom up, community-based planning, citizen and nonprofit involvement. CDBG and Empowerment Zones became the Community Opportunity Fund. ▪ Reform of AFDC into TANF. TANF is funded by state block grants. Most states emphasize workfare. 	<ul style="list-style-type: none"> ▪ Expanded Earned Income Tax Credit plan. ▪ HUD emphasized deconcentrating central city poverty; build community and fight self-destructive behaviour.

potential of inner city; the inability of public education to prepare central-city residents for low skill jobs.		
--	--	--