

# Fifty years since Johnson's declaration of the "War on Poverty"

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In his first State of the Union Address, delivered to Congress on January 8, 1964, President Lyndon Johnson called for ending poverty, joblessness, and hunger in the US. "This administration today, here and now, declares unconditional war on poverty in America," Johnson said in the speech, delivered not quite seven weeks after the assassination of his predecessor, John Kennedy.

Within two years, Congress put in place a series of laws and programs that together became known as "The Great Society." These included: the Social Security Act of 1965 creating Medicare and Medicaid, which respectively provided health insurance to the elderly and introduced federal health care coverage for the disabled and poor; the Civil Rights Act of 1964, which was the first significant legislation addressing institutional racism since the era of Reconstruction nearly a century earlier; and a number of job training, urban development, educational, and nutritional government agencies and initiatives, including the pre-kindergarten educational program Head Start and the Food Stamp program.

Johnson presented his legislative agenda as a historic test of US capitalism. "We have in 1964 a unique opportunity and obligation—to prove the success of our system...If we fail... then history will rightfully judge us harshly."

History has delivered its verdict. The War on Poverty never came close to eradicating poverty and hunger. It failed because it could not touch the foundations of class rule within the US or abroad. Relative to the wealth of the US—"The richest Nation on earth," Johnson reminded his listeners—only a paltry amount of resources were tapped into, while Johnson's program included tax cuts for the rich. Far greater resources were directed to the American war machine. The war on poverty was ultimately eroded by the decline of US capitalism, which came to a head in the years that followed Johnson's speech.

The Great Society was made possible by American preponderance in the global economy. As late as 1964, the US still controlled 40 percent of the world's industrial output. Beginning in the late 1950s, however, the US was

racking up balance of payments deficits of more than \$3 billion per year and "a massive outflow of gold and dollars to the rest of the world" began, according to a recent economic history. While the US economy grew rapidly in the 1960s, the Japanese and West German economies grew three times and twice as fast, respectively. The decline of US industry, at first misconstrued as a phenomenon of underutilization, was particularly pronounced in northern urban areas. Johnson acknowledged this obliquely in his speech, noting "that 4 million workers and 13 percent of our industrial capacity are still idle today," several years after the recession of the late 1950s.

Kennedy, Johnson, and their advisers believed that the best tool for reversing the first symptoms of industrial decline was a tax cut. "Above all, we must release \$11 billion of tax reduction into the private spending stream to create new jobs and new markets in every area of this land," Johnson said, carrying forward Kennedy's central fiscal policy. "We need a tax cut now to keep this country moving." The United States Revenue Act of 1964 reduced the top marginal tax rate from 91 percent to 70 percent, handing over 30 percent of the aggregate tax cut to the top 2 percent of tax filers. Corporate taxes were also reduced.

This logic, that rewarding wealthy layers with tax cuts would lead them to invest in industry, failed in the 1960s. Corporate profits grew by 65 percent over the decade. Yet corporations and wealthy stockholders increasingly diverted resources overseas—industrial investment by US corporations abroad increased by 500 percent in the 1960s—and toward financial speculation, in what historian Alfred Chandler has called the mergers and acquisitions "binge" of 1965-1969. The tradition of long-term and stable ownership of stocks was steadily replaced by a purchase strategy that centered on short-term profits.

In his speech, Johnson promised to maintain "that margin of military safety and superiority obtained through three years" of increased military spending under Kennedy in order to "defend the cause of freedom, whether it is threatened by outright aggression or by the infiltration

practiced by those in Hanoi and Havana.” Yet the enormous military outlays of the Kennedy-Johnson years contributed to the decline of the US economy by driving resources away from productive use and sending ever more dollars beyond US borders.

The Johnson administration manufactured the *casus bellum* of the phony Gulf of Tonkin Incident in August 1964, and over the next decade the US spent nearly \$700 billion on the war in Vietnam. Perhaps 3 million Southeast Asians, along with 58,000 American soldiers, were killed in the failed effort to defeat the anti-colonial National Liberation Front and North Vietnam. The connection between expenditures on the Vietnam War and the depletion of the War on Poverty was drawn out by Johnson’s critics, among them Martin Luther King, who noted that the US spent “\$500,000 to kill each enemy soldier, while we spend only fifty-three dollars for each person classified as poor.” By the end of the 1960s, one in every ten jobs in the US was tied to the Defense Department budget.

While Johnson’s limited reform agenda was made possible by the immense wealth of the US, it came to be seen as politically necessary because of the combativeness of the working class. In the late 1950s and early 1960s, strikes had gripped key industries, including steel, auto, electrical, airlines, and shipping, while teachers and government workers had begun to demand rights as workers. Even more alarming to the leadership of the Democratic Party was the mass struggle of black workers and youth against Jim Crow segregation in the South and urban poverty in the North, conditions overseen by the Democratic Party’s southern wing and its big city political machines.

Yet working class militancy did not subside with the limited reforms of the Great Society. The pacifist character of the civil rights struggles gave way to the massive urban uprisings of the late 1960s; millions of Americans moved into opposition against the aims of American imperialism in Vietnam; and in the early 1970s the largest strike wave since that of 1945-1946 swept the country.

The failure of liberal reformism in the Great Society, the wage strikes of the 1970s, and the continuing decline in the global standing of US capitalism set the stage for a sharp shift in class relations.

The diversion of resources toward financial speculation and the personal gratification of the rich became the core domestic policy of both major parties. Vast sections of industry were shuttered from the 1970s onward, devastating cities and entire regions. Successive administrations and Congresses gave tax cuts to the wealthy and advanced the deregulation of industry after industry. In the 1980s, this was joined with a relentless campaign against the organized sections of the working class.

The ruling layers that grew fat off these processes began to view *any* government expenditure on social programs to be an intolerable subtraction from their personal enrichment.

By the late 1970s, both parties championed the rolling back of the reform policies of the 1930s and 1960s, but it has been the Democratic Party—precisely because of its association with past reforms—that has proved the most effective in waging these attacks. The federal program commonly known as “welfare,” formerly Aid to Families with Dependent Children, originated under Democrat Franklin Delano Roosevelt in the New Deal, was expanded vastly by Johnson in the Great Society, and was destroyed by the Democrat Bill Clinton in 1996. Barack Obama has now taken aim at the central reform of the Great Society, Medicare, through his falsely named health care “reform.”

The attacks are relentless. Most recently, Obama has conspired with Republicans to reduce expenditures on food stamps and to cut off extended unemployment insurance. These cuts, which together will impact around 60 million Americans, leading to incalculable human suffering, will “save” less money than the amounts possessed by individual American billionaires. On the other side of the class divide, the Federal Reserve has left open the spigots of free credit to the financial swindlers, driving the stock market to new heights.

Now, 50 years after Johnson vowed to put an end to poverty, both Democrats and Republicans are enacting policies that ensure its *increase* in a nation in which 50 million people, 1 in 6, live below the official poverty level. The abortive “war on poverty” has long since been replaced with a social and political war on the working class in which vast amounts of wealth have been transferred to the top of society, as chronic mass unemployment and social misery at the bottom are proclaimed the “new normal.”

The last half century has demonstrated irrefutably that it is impossible to eradicate poverty within the framework of the profit system. That urgent task can be achieved only through the independent political mobilization of the working class in mass struggle to put an end to the rule of the financial and corporate oligarchy, and reorganize economic life on socialist foundations.



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