

Washington's Worst Mistake

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Proposals for Washington's 2016 budget, like so many before it, allow for the continuation of a failed effort that is so vast it hampers the federal government's ability to fulfill its traditional responsibilities. It's clear that the "War on Poverty" hasn't produced results. So why do the programs and concepts of this failed effort continue?

The federal debt was \$18 trillion as of the filing of this New York Analysis report in late March 2015, a figure that grew by \$483 billion in 2014. The future looks grim. According to the **Congressional Budget Office** (CBO) "The deficit in 2025 is projected to be \$1.1 trillion, or 4.0 percent of GDP, and cumulative deficits over the 2016–2025 period are projected to total \$7.6 trillion. CBO expects that federal debt held by the public will amount to 74 percent of GDP at the end of this fiscal year—more than twice what it was at the end of 2007 and higher than in any year since 1950. By 2025, in CBO's baseline projections, federal debt rises to nearly 79 percent of GDP."

The lion's share of the federal budget goes to War on Poverty-type entitlement programs. According to a **Heritage** study, "In 2003, the entitlement share of the budget was 44 percent, compared with 49 percent today. Without reform of these massive and growing programs, Washington will have to borrow increasing amounts of money, piling debt onto younger generations and putting the nation on a dangerous economic course." (By contrast, 2014 spending on defense was 3.5 percent of GDP, or less than half of what it was in 1965, and falling.)

Heritage notes that "In his January 1964 State of the Union address, President Lyndon Johnson proclaimed, 'This administration today, here and now, declares unconditional war on poverty in America.' In the 50 years since that time, U.S. taxpayers have spent over \$22 trillion on anti-poverty programs. Adjusted for inflation, this spending (which does not include Social Security or Medicare) is three times the cost of all U.S. military wars since the American Revolution. Yet progress against poverty, as measured by the U.S. Census Bureau, has been minimal, and in terms of President Johnson's main goal of reducing the 'causes' rather than the mere 'consequences' of poverty, the War on Poverty has failed completely. In fact, a significant portion of the population is now less capable of self-sufficiency than it was when the War on Poverty began."

A **New American** study, discussing the rise in entitlements, emphasized that “Even more troubling is that analysts say the trends look set to accelerate as Washington, D.C., intensifies its failed efforts to supposedly achieve “victory” in the “war” while the Federal Reserve conjures ever greater quantities of currency into existence... Since Obama took office, 13 million more Americans have become dependent on food stamps, with the numbers now hitting a record 47 million — about a third more than when he was sworn in. In 2007, there were 26 million recipients. Spending on the scheme has more than doubled just since 2008. The explosion of the program, along with other welfare schemes, has resulted in countless commentators and critics labeling Obama ‘the Food Stamp President.’”

Ironically, the **National Tax Limitation Foundation** notes that before the War on Poverty began, the U.S. poverty rate had been declining precipitously. “The poverty rate fell from 32% in 1950 to 17.3% in 1965 to 14.7% in 1966.”

A **Forbes** review, which termed the war on poverty to be a “catastrophic” failure, found that “Between 1967 and 2012, U.S. real **GDP (RGDP)** per capita (in 4Q2013 dollars) increased by 127.3%, from \$23,706 to \$52,809. In other words, to stay out of poverty in 1967, the two adults in a typical family of four had to capture 26.9% of their family’s proportionate share of RGDP (i.e., average RGDP per capita, times four). To accomplish the same thing in 2012, they only had to pull in 12.1% of their family’s share of RGDP. And yet, fewer people were able to manage this in 2012 than in 1967.”

The **CATO** Institute outlined the amounts spent in a single year: “In 2012, the federal government spent \$668 billion to fund 126 separate anti-poverty programs. State and local governments kicked in another \$284 billion, bringing total anti-poverty spending to nearly \$1 trillion. That amounts to \$20,610 for every poor person in America, or \$61,830 per poor family of three. Spending on the major anti-poverty programs increased in 2013, pushing the total even higher. Over the last 50 years, the government spent more than \$16 trillion to fight poverty. Yet today, 15 percent of Americans still live in poverty. That’s scarcely better than the 19 percent living in poverty at the time of Johnson’s speech. Nearly 22 percent of children live in poverty today. In 1964, it was 23 percent. How could we have spent so much and achieved so little?”

In their book, *The Poverty of Nations*,” by Dr. Wayne Grudem and economist Barry Asmus explain why they believe government programs have largely failed. They summarized their analysis in a recent **WND** interview: “The solutions to poverty come when people ... are enabled to produce their own prosperity. The question is not equality. The question is, ‘Is there opportunity? Is there freedom in the workplace? Is there economic freedom? Is there governmental freedom from excessive regulations so that people who are at the lower end of the income bracket can progress and hope to progress toward higher income?... What about the things we’re doing in the United States? Aren’t we having more government regulation, higher taxation, disincentives to productivity, disincentives to work? Aren’t we having moral breakdown in the way that people think of honesty and truthfulness, not breaking contracts and obedience to the rule of law?’” he said. “There are many things our country is doing that are actually hindering our economic growth and, of course, that results in a stagnant economy essentially.”

Why do the failed concepts of the War on Poverty continue to exist, and continue to deplete the taxpayer's pockets? Part of the answer is politics. Progressive candidates, who depend on class warfare for their electoral success, view them as a war of redistributing the "wealth" to those on the lower rungs of the economy. But there is another, heavily vested interest as well. The War on Poverty has created an entire special interest of bureaucratic jobs. As noted in a [Philly.com](#) article written decades ago,

"Whatever this approach does for poverty, it's going to be a boon to poverty workers, the one class that benefits most from anti-poverty programs. They'll be the ones running the classrooms, job training sessions, work programs, and child-care centers authorized by this bill – all in the name of making the poor independent. Some early studies have shown that any training beyond the most basic seldom gets people off the dole...Back when government actually put millions to work – through the Works Progress Administration, the Civilian Conservation Corps, and a spate of other New Deal programs – job preparation might consist of showing up and being handed a shovel. Yet the country is still rich in libraries built, roads paved, and lands reforested that way."

It is troubling that the War on Poverty, despite failing to address the problem it was created to resolve, has, due to politics and special interests, grown to the point where it dominates the federal budget.