Business’ War on Poverty:
Or, How Businesspeople Learned to Stop Worrying and Love the Poor and Marginalized

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The cover story of the March 1966 edition of *Nation’s Business*, the magazine of the U.S. Chamber of Commerce, posed a pointed question about one of President Lyndon Johnson’s signature domestic policies: “[Is the] War on Poverty Becoming [a] War on Business?” With cover art splashed in garish red pooling around a rifle’s crosshairs, the magazine framed the question in terms familiar to historians of 20th century U.S. business and politics: the Great Society and the War on Poverty were the latest inspiration for conservative, business mobilization against statist liberalism. The article did include much excited rhetoric about liberal overreach. But beneath the surface, another theme becomes apparent. Businesspeople critiqued these programs less for their ends (community development or poverty amelioration) than for their means (deputizing the poor to run programs themselves). As San Antonio, Texas’ chamber secretary put it, businesspeople had to recognize that “this war on poverty isn’t going to go away. The poor are on the move . . . we’d better get in there and make sure the job gets done right.”

Despite conservative mobilization of business’ *national* lobbying associations – e.g., the Chamber and the National Association of Manufacturers – *local* business associations, especially local Chambers of Commerce, had always had a more pragmatic if often ambivalent relationship with the liberal state. To be sure, local elites allied with their national representatives when it came to opposing labor organizing or increased regulations. But when it came to the simulative spending and development programs of the New Deal and, later, the Cold War state, they constructed a very different relationship, one that recruited, guided, encouraged, and administered state expansion. This was especially so among civically-engaged businesspeople
operating at the margins of the American economy, where a federal spending program could support the sorts of infrastructural or market developments boosters believed would underwrite a prosperous future.

It should be little surprise, then, that historians have most often discovered these booster types – with their futuristic visions of fantastic economic growth - at the margins: in frontier settlements, in the pursuit of new technologies, and in regions whose leaders feared being left behind by new economic developments. Scholars have charted these types of business actors across centuries of U.S. history, constructing, in patchwork, a collective account of a particular species of local business-civic leader. These actors, with economic fortunes rooted in local soil, have never been the titans of industry, with their movable capital. Instead, these actors always depended upon the recruitment and maintenance of titans or of titanic sectors because their businesses – in real estate speculation, banking, media, retail, or law – thrive in the ancillary markets created by more central economic concerns. As a result of this position vis a vis bigger businesses with movable capital, this species of business-civic actor at once often considers themselves underdogs and leaders. This has also meant that these civic-business actors have also often countenanced expanded public-sector economic interventions, so long as they secured the authority to mediate and guide that power into and at the local level, most often on behalf of recruiting new anchor sectors. Beneath frothy rhetoric about future growth, these actors sanctioned all sorts of expansions of state capacity, from New Deal works programs, to urban renewal, to the Cold War’s research and development and military contracting.

In the aftermath of the War on Poverty, however, the venerable booster rhetoric underwent a transformation. Local actors, like the Texan quoted above, learned to describe their economic roles not only in terms of future growth, but also in terms of solving poverty and
“community development.” This did not signal a meaningful commitment to ameliorating poverty. Rather, confronted with industrial decline, unrest, uncertain futures, and especially federal development spending in the War on Poverty that bypassed their authority, elites refashioned their claims to legitimacy in order to reauthorize their control over federal spending, much of which now included anti-poverty provisos. And in these efforts, they were aided by the Johnson and Nixon administrations, both of which sought “to put the Genie of citizen participation back in the bottle,” as one contemporary assessment put it, by restoring local elites’ place of privilege in federal development spending. In places as marginal to the national economy as Alma, Georgia as well as in cities like Cleveland, Ohio (that were being thrust to the margins of a globalizing economy), business elites learned to translate their fears of minority enfranchisement and economic decline into an ostensibly progressive rhetoric of fighting poverty. One of the great ironies of the war on poverty, then, was in how it encouraged private sector elites to recast their roles as community leaders in terms of fighting poverty. In the latter decades of the 20th century, this ostensibly progressive rationale for turning to markets and market actors, however, would only speed disinvestment in the poor and impoverished communities.

**Defanging the War on Poverty**

The War on Poverty forced business and civic elites to reconsider their roles in local affairs, because it forced them to reckon with entire segments of their communities that they had always marginalized. In that sense, at least, the Community Action Programs, which delivered federal funds directly to community groups to organize for political and economic change, bypassing public and private elites, were a success. The March 1966 *Nation’s Business* article
highlighted elites’ complaints about CAP activists, like those pursuing “consumer education” programs and boycotts in Washington D.C. or “consumer advisers” in San Francisco who steered shoppers away from businesses that refused to stock the kinds of goods and produce activists demanded. CAPs were funding entirely new public private partnerships, which local elites could scarcely tolerate. Indeed, by the end of 1965, some 600 CAPs were in operation, less than 15 percent of which were administered by city or county governments. Nearly 80 percent of Community Action Agencies were private, voluntary, and rooted in neighborhoods. As the magazine put it, businesspeople “admit to a feeling of ‘sheer fright’ over the influences which people lacking a business grounding can bring to these” tax payer-funded programs. The problem was not the program, per se, it was the people empowered to run them.

Faced with a revolt among a core constituency – Democratic mayors and their private sector allies – President Johnson set about restoring their control over the program. By early 1967, proposals to muzzle the famous mandate for “maximum feasible participation” of the poor were being formalized in the White House. In March, Johnson appointed a National Advisory Council on Economic Opportunity. While OEO director Sargent Shriver publicly maintained his support for “maximum feasible participation,” Johnson named as head of the Council a friend of Shriver’s from Chicago and an outspoken critic of the Civil Rights movement’s direct-action tactics. Morris I. Leibman, an attorney with Sidley and Austin, had inserted himself into Civil Rights debates in a 1964 speech before the American Bar Association that was subsequently published under the headline, “Civil Disobedience: A Threat to Our Society Under Law.” As Leibman put it, “Our imperfections do not justify tearing down the structures which have given us our progress.” The concept of “righteous civil disobedience,” he argued, is “incompatible with the American legal system and society.” Leibman’s appeal to gradualism and order under the
“law society” – clear rebukes of direct action protests – was covered widely.\textsuperscript{ix} Top Johnson aide Joseph Califano noted that Chicago’s Mayor Richard Daley – a leader of the Democratic Party’s complex local ecosystem – considered the attorney “exactly the right guy for this job.”\textsuperscript{x}

In the summer of 1967 – which saw scores of cities explode in revolt – the White House, shepherded by Leibman, and Congress hammered out a deal for the so-called “city hall” amendments to Community Action, which appropriated $1.773 billion for the poverty program but empowered mayors, local officials, and their historical allies in the private or voluntary sector to regain control of federal spending by mandating that all CAPS either be a public agency or a private agency “designated” by state or local officials.\textsuperscript{xi} Meanwhile, it also rolled out the Model Cities program, which was ostensibly meant to coordinate various War on Poverty programs. But it, too, became another way for the Johnson administration to restore local elites’ control over federal dollars.\textsuperscript{xii} Model Cities, Johnson hoped, would enable elites to “take charge of the goddamn thing . . . [and] sidestep [CAPs], let’s start some new projects, and let their old ones kind of wither a little.”\textsuperscript{xiii} In each case, however, the administration maintained a rhetorical commitment to fighting poverty.

Even before Johnson began to defang the War on Poverty, businesspeople across the country had begun to recognize the utility of emphasizing poverty in their pursuit of development subsidies – in many cases because their communities \textit{were} in crisis. Alma, Georgia is a useful case in point. Tucked into the southeast corner of Georgia, Alma is the seat of Bacon, County and its only incorporated city. Its population peaked in 1980 at 3,819 – up from 3,756 in 1970.\textsuperscript{xiv} In 1962, civic elites formed the Bacon County Development Corporation, a public-private partnership aimed at securing federal development assistance. Among their earliest targets was the Community Action Program. Braswell Deen, Jr., was the Corporation’s President
and, over time, he wore a number of hats: small-time politician, judge, and, in addition to operating a regional insurance concern, had considerable real estate holdings. As he put it in a 1964 letter to Sargent Shriver, “WE DESIRE IMMEDIATE CONSIDERATION TOWARDS OUR REQUEST FOR A GRANT [caps in original].”xv Though this application and another were declined, a 1968 request was accepted. Alma became the smallest municipality in the country to receive a Model Cities grant. Rather than designate specific impoverished neighborhoods as the Model neighborhood, Alma-Bacon County designated the entire region as its “target” neighborhood. Doing so enabled elites to create an administrative structure and community “task force” model that included minority or poor resident participation but isolated them as individual representatives across twelve different task forces, each of which were “chaired by a respected and informed lay citizen” – i.e., an elite, white male. This structure effectively diffused two constituencies – African Americans and poor or working-class whites – whose priorities might derail what civic leaders had begun calling their “new politics of development.”xvi For federal administrators, the structure ticked the box of “citizen participation,” ensuring funds flowed to the tiny community. Though tiny, Alma’s structure was in keeping with elites’ design of Model Cities programs across the country.

The program’s emphasis on poverty also dictated the terms with which civic elites explained their goals. As they put it in their application, they would “demonstrate how the living environment and the general welfare of people living in Alma-Bacon County’s slums and blighted areas can be substantially improved through a comprehensive attack on social, economic, and physical problems in the target areas, utilizing Federal, State, local, and private resources in a coordinated and concentrated manner.”xvii Yet, the regional planning organization, comprised of a professional planner, chamber of commerce members, and a few public officials,
urged Alma’s leaders to “lay a solid foundation for a true community improvement and
development program” by involving “the community establishment, the people with the wallets
and the power to permit and to bring about change.” “Soon,” he reported, “we had the complete
involvement by the community power structure.”xviii In November 1968, William W. Lee, the
owner and operator of Alma’s Lee-Feston Chevy-Oldsmobile dealership was so excited about
the Model Cities grant that he wrote a letter to his Congressman. “A great event has taken place,”
he gushed. “We now do not have to worry about becoming a ghost town, slowly drying up into
nothingness. We now have a future.”xix

The traditional booster rhetoric of growth was expanding to include notions of the
broader “community,” “welfare” and poverty amelioration. In Alma, however, despite the very
real condition of entrenched poverty, the program was tailored to the longstanding priorities of
white elites, merely couched in terms of fighting poverty. Alma ultimately received nearly $5
million in Model Cities funds (as well as two urban renewal grants), which leaders used to make
significant improvements to the county airport and to acquire 200 acres to develop a new
industrial park for business recruitment.xx Alma was not unique among small cities in
emphasizing regional poverty to secure federal grants. Four cities of populations between 5,000
and 10,000 residents received Model Cities funds; 16 between 10,000 and 25,000; 15 between
25,000 and 50,000; and 29 between 50,000 and 100,000 residents. By 1972, Congress monitored
125 Model Cities programs; nearly half of all programs were in cities of 100,000 residents or
fewer.xxxi

The U.S. Chamber of Commerce even promoted this rush to win poverty funds,
emphasizing that an “important feature of the . . . funds is that they can be used in any way a city
chooses so long as the city gives emphasis to high-priority actions in the model neighborhood
area.” Model Cities offered local “flexibility,” and total spending could hit “$1.5 billion!” In Seattle, representatives of the local Chamber, Boeing, the American Medical Association, and the Weyerhaeuser Corporation helped develop the city’s plan. Model Cities Seattle created a $30 million economic development corporation and a $6 million housing corporation, each run by “stockholders from industry, government, and the neighborhood.” In Chicago, “private interests will either sponsor projects or take part in carrying them out,” including two new hospitals and a moderate-income housing development shepherded by the Chicago Mortgage Bankers Association. In Houston, a Chamber leader led the Model Cities citizen participation and oversight board.xxii When leading such programs, however, the U.S. Chamber cautioned that business leaders should overcome their discomfort speaking “before vocal minority groups. One unpleasant confrontation” and businesspeople “often lose enthusiasm for continued involvement.” They should stick with it, though: Model Cities “offers a means for decentralizing Federal aid and for sharing Federal revenues.” Businesspeople could at once peg their reputations to fighting poverty and secure valuable federal aid.

The Nixon administration continued this trend of hollowing out the regulatory oversight of poverty programs while paying lip-service to their ostensible anti-poverty goals. The Community Development Block Grant (CDBG) program is a case in point. CDBG bundled together and almost completely deregulated a range of liberal development programs, including CAPs, Model Cities, and urban renewal, and delivered funds based on an obscure formula (which initially favored Nixon’s regional base in the Sunbelt and suburbs). The administration worked with leading business associations to sell its seemingly new approach to urban problems. Promoting the legislation, Vice President Agnew led a U.S Chamber sponsored closed-circuit telecast with chambers from 26 cities. Joining Agnew were Secretaries Finch and Romney (of
HEW and HUD) along with “thousands of business and community leaders” interested in exchanging “views on the vital role of voluntary action in attacking community problems.”xxiii At another Chamber event, Agnew credited local business leadership with being out front on urban problems, and urged them to partner with and supplement federal efforts to fight poverty.xxiv In 1973, a year before the CDBG legislation passed, the administration again reached out to the nation’s businesspeople, this time to emphasize their critical role in administering community development funding. HUD Secretary James Lynn and Floyd Hyde partnered with the U.S. Chamber on a video series distributed to local Chambers. The tapes, the Chamber explained to its affiliates, contain “the complete story of the Better Communities Act,” which established CDBGs, and was a “must for all community planners, chambers of commerce, city officials and local businessmen.”xxv

With the establishment of CDBGs in 1974, Nixon and Ford effectively ended the War on Poverty, while maintaining rhetorical support for its goals. As the legislation establishing CDBGs put it, the program funds must: 1) benefit low and moderate-income persons; 2) clear slums and blight; or 3) or “meet an urgent local need.” Nixon restored elite control of federal development subsidies, but did so within a new policy paradigm of “community development,” a catch-all phrase that foregrounded issues of poverty and underdevelopment but which, in practice, effectively justified any development initiative.

**Businesspeople Learn to Fight Poverty**

In Cleveland, Ohio, meanwhile, local elites understood reclaiming control of federal subsidies in far less optimistic and outright racist terms, especially as the city dealt with its own marginalization in the globalizing economy and as local business elites feared the federal
government was subsidizing poverty groups that threatened to further marginalize and undermine their development efforts. In the wake of that city’s urban unrest, corporate attorney, civic booster, and Chamber leader James Davis explained the stakes:

Today there are close to 30 million Negroes in the United States. The total population of North Viet Nam is about 19 million or a little over 60 percent of the American Negro population. Yet the relatively small North Vietnamese population has tied down more than one million allied troops, troops that were unable to maintain security in the face of simultaneous disorders in the cities of South Viet Nam . . . Should the majority of the Negro populations, in these cities alone, move from passive acquiescence in riots to active participation in rebellion, it is obvious what the result would be.xxvi

Davis, the Cleveland Plain Dealer reported, was “determined to bridge the gap between the business and political communities,” and he saw a war on crime, redevelopment funds, and restoring elite control over civic affairs to be the key steps to restored prosperity.xxvii

Even in Cleveland, however, as brash an actor as Davis understood the post-Civil Rights and post-War on Poverty imperative to present business as acting in the broader community’s interest. Under Davis’ leadership, the city’s chamber debuted programs “to establish and expand minority business” and to foster interracial dialogue and understanding xxviii These efforts were typical of local chambers across the country in the wake of the 1960s. An edition of the U.S. Chamber’s Newsletter reported on the Springfield, Massachusetts Chamber’s support of a black citizen’s Harambee Holiday. As one member explained, prior to business’ support, “there was never . . . a week that the black population could call its own.” In 1973, the Orlando Chamber of Commerce debuted a program of “community communications and understandings” in which a “white member of the committee would introduce a black member who told of some personal examples of discrimination in our own community. In most cases, this was the first time any of our white civic clubs had ever heard the problem from a black man.”xxix
Despite this nod toward the token inclusion of representatives from marginalized communities, the actual impoverished citizens who had mobilized for War on Poverty funds immediately understood that their funds were being routed elsewhere. In Cleveland, Fannie Lewis, a single mother who lived in poverty, watchdogged the city’s Model Cities program, which she saw was being shunted away from communities in need as Davis and the chamber reasserted their influence. She wrote (to no avail) for support from regional HUD officials: “CLEVELAND’S MODEL CITIES PROGRAM IS AGAIN IN JEOPARDY.” Likewise, in Alma, Georgia, African American community leader Bennie Moore charged white elites with systematically denying black residents equal employment opportunities. “We need Negro councilmen, firemen, police clerks, cashiers and sales people,” Moore said. “Now they may say that they’re not qualified for these jobs, but they ought to take them and train them.” With Model Cities funding being routed away from the poor, Moore decided to run for a seat on the city council. African Americans were less than 20 percent of the city’s population, however, and he conceded that “I don’t think I’m going to win . . . but I’m going to try. It’s the principle of the thing.”

Despite such clear calls by the poor and marginalized in places as distinct as Alma and Cleveland, the Ford administration promoted the idea that the best approach to poverty, not merely growth, was partnering with local business elites. In 1974, at a campaign stop on behalf of President Ford, HUD Secretary Carla A. Hills spoke to Cleveland’s business leaders and ratified their newfound self-conception as agents of growth and poverty amelioration. “The presence today,” she said, “of Cleveland’s business community . . . is proof, if any were needed, that this nation’s private sector and this nation’s government constitute an insoluble partnership – and verifies the proposition . . . that the Federal government, working through the private sector,
can have a vital role in . . . housing and the economy” and fostering market expansion and fighting poverty not only in marginalized cities, but among the most marginalized urban residents.xxxiv

Boosters’ and politicians’ newfound emphasis on poverty even came to define one of the better-covered interregional squabbles of the 1970s, the so-called Sunbelt-Frostbelt wars. While scholars tend to frame these clashes in terms of north-to-south industrial recruitment, at bottom they were about federal funding formulas, especially in CDBGs, with which elites competed to recruit business.xxxv The program’s vague emphasis on fighting poverty and the highly technical formulas employed to determine allocation both encouraged claimants to play up regional poverty. When northern members of Congress succeeded in rejiggering the formulas in ways that favored the north, Southern leaders fired back. The public-private Southern Growth Policies Board, based in the Research Triangle and closely tied to local chambers of commerce, had been founded to plan and develop the Sunbelt’s post-industrial future; instead, its leaders quickly beat a tactical retreat to howling about the ongoing depths of southern poverty. As Georgia’s Democratic Gov. George Busbeee, who chaired the Board, put it, reduced federal spending in the South “could result in a wider gap in per capita income levels between the South and the rest of the nation.”xxxvi Rather than use the 1939 housing census to determine funding levels, as Northern members of congress had done, the normally mild-mannered Busbee fumed: “Let’s go back to 1864 and count the number of burned homes we had in the state after Sherman went through Georgia.”xxxvii

While businesspeople and politicians touted the Sunbelt’s ascension in narratives associated with business recruitment, when federal funding was at stake, Busbee and his allies recognized that the region’s historical poverty was its best asset for securing federal development
subsidies. Said Busbee, “any notion that we in the South have arrived, that there are no more serious problems to be dealt with, that we can turn the keys to the federal treasury over [to] the other regions because we have no more need of outside help, is nonsense.”xxxviii To maintain the federal spending they would apply toward a high-tech, high-skill economy, Southern leaders and their business allies, like their brethren in the north, had learned in just a few short years to emphasize fighting the depths of their local poverty.xxxix

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In the years that followed, the ongoing reality of poverty would become a crucial asset in booster’s pursuit of growth. To recruit federal funds, elites adopted an increasingly thin and defensive discourse of “community development,” and as the United States entered the 1980s, an era of increasingly attenuated public resources and declining faith in government, this logic – that business leadership and business-shepherded growth might even stand in for public social programs – abetted a broader supply side or trickle-down logic by plausibly offering market-oriented solutions for deeply entrenched social crises. One result has been a bipartisan enshrinement of business growth and business methods as the best (and often last) hope for marginalized people and communities. The other has been that businesses and business associations continued to pay lip service to poverty and structural marginalization while helping themselves to what remains of public development subsidies. One of the most ironic legacies of the War on Poverty, then, is to be found in the lessons businesspeople learned: to frame themselves not only as victims of state overreach or mobilized minority groups; but also and most importantly to elevate themselves as champions of the most marginalized in order to ensure their ongoing partnerships with the state.

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1 KPF, Waterhouse

iii Even this construction of the different orientations between local and national business elites is a bit overdrawn. That is, the same actors could prescribe one set of policies at national association meetings, while at the local level mobilizing to secure the very policies they’d repudiated nationally. This was so throughout the 20th century in programs such as the New Deal’s public works, mid-century Urban Renewal, or, later, in programs such as Richard Nixon’s General Revenue Sharing. See generally, Cebul, Illusions of Progress (in contract w. Penn Press).

iv we see these dynamics at work in Alan Taylor’s account of William Cooper’s colonial-era settlement of upstate New York; John Lauritz Larson’s synthesis of 19th century “internal improvements” regimes; James Cobb’s exploration of southern industrialization; and Bruce Schulman’s chronicle of the emergence of the Sunbelt.

v Haider, “Governors and Mayors View the Poverty Program,” 276.


vii Pressure to reform or end the programs came from Congress as well. By the end of 1966 and with the escalating conflict in Vietnam, Congress appeared poised to ride “an economy wave” that would slash spending on Johnson’s Great Society and War on Poverty. When scores of cities exploded in revolt and violence during the summer of 1967, many in Washington assumed Community Action, if not the entire War on Poverty, was on life support. Loftus, “How Poverty Bill Was Saved.”


xiv Alma had once been a popular stop for motorists headed to Florida, and Bacon County’s economic base had been agricultural. By the late 1960s, vacationers gravitated toward larger and faster arteries, leaving small communities
like Alma to find alternative economic engines or face becoming ghost towns. Bacon County, meanwhile, suffered the strains of mechanization: farms consolidated and employment and wages declined. By the 1960s, the County was in a slow-moving crisis of population decline and fleeting work. Tom Greene, “Alma Looks Toward Brighter Future,” *Atlanta Journal-Constitution*, June 23, 1968.

xvi Braswell Deen, Jr., to Sargent Shriver, August 19, 1964, folder 101106-007-0278, War on Poverty, 1964-1968, Part 5: White House Central Files, Welfare the Poverty Program Subject Files, LBJ Library, Austin, TX


xviii “HUD Notification,” Project Number ME-10-005, undated, folder 14, box 92, series IV, William S. Stuckey Papers, Russell Library, UGA, Athens, GA.


x Department of Housing and Urban Development, Model Cities Grants, 8th Congressional District, undated, and “HUD Notification,” Project Number ME-10-005, undated, folder 14, box 92, series IV, WSSP.


xx “Model Cities – Outlook for 70s,” CCN, January 1970, box 5, series II, CCUS.


xvi Davis quoted in Hinton, *From the War on Poverty to the War on Crime*, 132.


xx “Understanding’ . . . A Big Step in Improving Racial Relations,” CCN, October 1973, box 5, series II, CCUS.

xx Fannie Lewis to Tom Brown, August 9, 1973; Fannie Lewis to George Forbes, August 14, 1973; and Tom Brown to George Forbes, August 14, 1973, folder 792, container 53, RPP.


xxxiii Keeanga Y-T’s new book; R Marchiell’s book; National Peoples’ Action

xxxiv Carla A. Hills Speech, City Club of Cleveland, October 8, 1976, folder City Club of Cleveland, 10/8/76, Box 40, CAHP.

xxxv Shermer, *Sunbelt Capitalism*, Schulman, *From Cotton Belt*

xxxvi George Busbee, Comments about the Sunbelt-Snowbelt Debate, folder Executive Committee, 12/15/77 – Atlanta, box 23, subseries 1.3, SGPBP.

xxxvi “North’s Grants Formula Rapes Dixie, Busbee Says,” undated *Atlanta Constitution* clipping, attached to Federal Allocation Formula Changes and their Implications, SGPB, folder Southern Growth Policies Board, RCB-16535, GAA.

xxxvii George Busbee, Comments about the Sunbelt-Snowbelt Debate, folder Executive Committee, 12/15/77 – Atlanta, box 23, subseries 1.3, SGPBP.

xxxix Statement by Incoming Chairman, Governor George D. Busbee, attached to Summary of Minutes, Executive Committee Meeting, July 29, 1977, folder Executive Committee, July 29, 1977, Atlanta, box 23, subseries 1.3, SGPBP.