



SAVING THE POOR FROM WELFARE

A noted sociologist shows that there is a way to win the failed War on Poverty — scrap the entire federal welfare system. An excerpt from Losing Ground.

There is a lesson to be learned from our national experience with the Great Society programs of the 1960s and their successors in the years since. The lesson is that the kinds of help we as a nation want to provide are more limited than we commonly suppose. Moreover, even when we want to help, the conditions under which a national program can do so without causing more harm than good are more tightly constrained than we suppose.

This point might seem tailor-made to relieve us of responsibility for persons in need. But I believe just the contrary: that the moral imperative to do something to correct the situation of poor people, and especially the minority poor, is at least as powerful now as when Lyndon Johnson took office in 1963. There is ample evidence to support the case that the reforms flowing from the new wisdom of the 1960s were a blunder on purely pragmatic grounds. But I am convinced that what we did was also wrong on moral grounds, however admirable our intentions may have been.

It was wrong to take safety, education, justice, and status from the most industrious, most responsible poor so that we could cater to the least industrious, least responsible poor. It was wrong to impose rules that made it rational for adolescents to behave in ways that destroyed their futures. The changes we made were not just policy errors, not just inexpedient, but unjust. The injustice of the policies was compounded by the almost complete immunity of the policy-influencing, policy-making elite from the price they exacted from the poor.

If the behavior of members of the underclass is founded on a rational appreciation of the rules of the game, and as long as the rules encourage dysfunctional values and behavior, the future cannot look bright. Behavior that works will tend to persist until it stops working. The rules will have to be changed.

How might they be changed? I present a proposal in one of the most pressing areas: public welfare. My aim is not to

program would drastically reduce births to single teenage girls. It would reverse the increase in the breakup of poor families. It would measurably increase the upward socioeconomic mobility of poor families. These improvements would affect some millions of persons.

All these are results that have eluded the efforts of the social programs installed since 1965. Yet, from everything we know, there is no real question about

whether they would occur under the program I propose. A wide variety of persuasive evidence from our own culture and around the world, from experimental data and longitudinal studies, from theory and practice, suggests that the program would achieve such results.

The proposed program consists of scrapping the entire federal welfare and income-support structure for working-age persons. That includes AFDC (Aid to Families with Dependent Children), Medicaid, food stamps, unemployment insurance, worker's compensation, subsidized housing, disability insurance, and the rest. It would leave the working-age person with no recourse whatsoever except the job market, family members, friends, and public or private locally funded services. It is the Alexandrian

WHAT'S TO REFORM?

In the 15 years leading up to the Great Society's war against poverty, the federal government spent very little on jobs programs. In the next five years it spent \$8.8 billion and in the next decade \$76.7 billion (in 1980 dollars). Much of this aid was targeted at disadvantaged youths in their late teens and early twenties—the most trainable of the unemployed poor and with the longest time to reap the benefits.

Yet between the period of virtually no aid, 1951-1965, and the period of massive federal aid, 1966-1980, unemployment among black youths *increased*—dramatically: by 19 percent among 20- to 24-year-old males, by 40 percent among 18- to 19-year-olds, and by 72 percent among 16- to 17-year-olds. During the same time, unemployment *decreased* for every black male age group above the age of 25. In spite of massive aid, and in spite of other blacks' progress, unemployment among those who were specifically targeted and who stood the most to gain took a decided turn for the worse.

Anomalies like this are the raw data of Charles Murray's new book, *Losing Ground: American Social Policy, 1950-1980*. Unemployment among black youths is but one example.

- Even compared to their white counterparts, the employment situation for black youths, instead of improving as in the 1954-61 period, deteriorated.
- The percentage of two-parent families among all black families, instead of declining slightly, plummeted.
- The number of black homicide victims, instead of falling, rose precipitously.

On measure after measure of well-being among the very poor, progress had been achieved prior to the "generous revolution" of the 1960s; but with the institution of Great Society reforms, that progress slowed, stopped, or even reversed itself. Poverty itself, after declining up until 1968, stood in 1980 at the very percentage registered when Lyndon Johnson left office—in spite of a *quadrupling* of social-welfare spending from 1968 to 1980.

Murray not only charts the indicators of social welfare but asks why. He suggests that one of the most important reasons was a radical transformation of the prevailing view of poverty. "What emerged in the mid-1960s was an almost unbroken intellectual consensus that the individualist explanation of poverty was altogether outmoded and reactionary," he notes. "Poverty was not the fault of the individual but of the system."

Governments proceeded in the 1960s to, as Murray puts it, change "the rules of the game" for poor people, and especially poor black people. But these changes made it profitable in the short run for them to act in ways that were destructive of their own well-being in the long run.

This is the backdrop for Murray's proposals for reforming social-welfare policy. One of those proposals is presented here in REASON's excerpt from *Losing Ground*. (For a review of the book in this issue, see page 51.)

Murray is no stranger to analyzing social programs. From 1974 to 1981 he worked as a senior scientist at the American Institutes for Research, covering such fields as education, welfare services, child nutrition, adolescent pregnancy, delinquency, and criminal justice.

Ken Auletta, the author of *The Underclass*, says of *Losing Ground*: "Charles Murray will infuriate people. But, if they read carefully, he will also make them think."

—M.Z.

present a blueprint for welfare reform but to provide a framework for thinking about it.

I begin with the proposition that it is within our resources to do enormous good quickly. We have available to us a program that would convert a large proportion of the younger generation of hard-core unemployed into steady workers making a living wage. The same

solution: cut the knot, for there is no way to untie it.

It is difficult to examine such a proposal dispassionately. Those who dislike paying for welfare are for it without thinking. Others reflexively imagine bread lines and people starving in the streets. But as a means of gaining fresh perspective on the problem of effective reform, let us consider what this hypothetical society might look like.

A large majority of the population is unaffected. A surprising number of the huge American middle and working classes go from birth to grave without using any social-welfare benefits until they receive their first Social Security check. Another portion of the population is technically affected, but the change in their income is so small or so sporadic that it makes no difference in quality of life.

A third group is made up of persons who have to make new arrangements and behave in different ways. Sons and daughters who fail to find work continue to live with their parents or relatives or friends. Teenage mothers have to rely on support from their parents or the fathers of the children and perhaps work as well. People laid off from work have to use their own savings or borrow from others to make do until the next job is found. All of these changes involve great disruption in expectations and accustomed roles.

Along with the disruptions go other changes in behavior. Some parents do not want their young adult children continuing to live off their income and become quite insistent about their children learning skills and getting jobs. This attitude is most prevalent among single mothers who have to depend most critically on the earning power of their offspring.

Parents tend to become upset at the prospect of a daughter bringing home a baby that must be entirely supported on an already inadequate income. Some become so upset that they spend considerable energy avoiding such an eventuality. Potential fathers of such babies find themselves under more pressure not to contribute to such a problem or to help with its solution if it occurs.

Adolescents who were not considered job-ready find they are job-ready after all. It turns out that they can work for low wages and accept the discipline of the workplace if the alternative is grim enough. After a few years, many—not all, but many—find that they have acquired saleable skills, or are at the right place at the right time or otherwise find that the original entry-level job has gradually been transformed into a secure job paying a decent wage. A few—not a lot, but a few—find that the process leads to affluence.

Perhaps the most rightful, deserved benefit goes to the much larger population of low-income families who have been doing things right all along and have been punished for it: the young man who has taken responsibility for his wife and child even though his friends faced with the same choice have called him a fool; the single mother who has worked

full-time and forfeited her right to welfare for very little extra money; the parents who have set an example for their children even as the rules of the game have taught their children that the example is outmoded. For these millions of people, the instantaneous result is that no one makes fun of them any longer.

The longer-term result will be that they regain the status that is properly

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theirs. They will not only be the bedrock upon which the community is founded (which they always have been); they will be recognized as such. The process whereby they regain their position is not magical but a matter of logic. When it becomes highly dysfunctional for a person to be dependent, status will accrue to being independent, and in fairly short order. Noneconomic rewards will once again reinforce the economic rewards of being a good parent and provider.

The prospective advantages are real and extremely plausible. In fact, if a government program of the traditional sort (one that would "do" something rather than simply get out of the way) could *as plausibly* promise these advantages, its passage would be a foregone conclusion. Congress, yearning for programs that are not retreads of failures, would be prepared to spend billions. Negative side-effects (as long as they were the traditionally acceptable negative side-effects) would be brushed aside as trivial in return for the benefits. For let me be quite clear: I am not suggesting that we dismantle income support for the working-aged to balance the budget or punish welfare cheats. I am hypothesizing, with the advantage of powerful collateral evidence, that the lives of large numbers of poor people would be radically changed for the better.

There is, however, a fourth segment of the population yet to be considered—those who would be pauperized by the withdrawal of government supports and unable to make alternate arrangements:

the teenage mother who has no one to turn to; the incapacitated or the inept who are thrown out of the house; those to whom economic conditions have brought long periods in which there is no work to be had; those with illnesses not covered by insurance. What of these situations?

The first resort is the network of local services. Poor communities in our hypothetical society are still dotted with storefront health clinics, emergency relief agencies, employment services, legal services. They depend for support on local taxes or local philanthropy, and the local taxpayers and philanthropists tend to scrutinize them rather closely. But by the same token, they also receive considerably more resources than they formerly did.

The dismantling of the federal services has poured tens of billions of dollars back into the private economy. Some of the money no doubt has been spent on Mercedes Benzes and summer homes on the Cape. But some has been spent on capital investments that generate new jobs. And some has been spent on increased local services for the poor. In many cities, the coverage provided by this network of agencies is more generous, more humane, more wisely distributed, and more effective in its results than the services formerly subsidized by federal taxpayers.

But we must expect that a large number of people will fall between the cracks. How might we go about trying to retain the advantage of a zero-level welfare system and still address their residual needs?

As we think about the nature of the population still in need, it becomes apparent that their basic problem in the vast majority of the cases is lack of a job, and this problem is temporary. What they need is something to tide them over while finding a new place in the economy.

So our first step is to reinstall the unemployment-insurance program in more or less the form in which it existed before all federal welfare was scrapped. Properly administered, unemployment insurance makes sense. Even if it were restored with all the defects of current practice, the negative effects of unemployment insurance *alone* are relatively minor. The objective is not to wipe out chicanery nor to construct even a theoretically unblemished system but to meet legitimate human needs without doing more harm than good.

Who is left? We are now down to the hardest of the hard core of the welfare-dependent. They have no jobs. They have been unable to find jobs (or have not tried to find jobs) for a longer period of

time than the unemployment benefits cover. They have no families nor friends who will help. For some reason, they cannot get help from local services or private charities except for the soup kitchen and the bed in a Salvation Army hall.

What will be the size of this population? We have never tried a zero-based federal welfare system under conditions of late-20th-century national wealth, so we cannot do more than speculate. But we may speculate. Let us ask of whom this population might consist and how they might fare.

For any category of "needy" we may name, I find myself driven to one of two lines of thought. Either the person is in a category that is going to be at the top of the list eligible for services that localities vote for themselves and at the top of the list of those eligible for private services—or the person is in a category where help really is not all that essential or desirable. The burden of the conclusion is not that every single person will be taken care of but that the extent of resources to deal with needs is likely to be very great—not based on wishful thinking but on extrapolations from reality.

To illustrate, let us consider the plight of the stereotypical welfare mother—never married, no skills, small children, no steady help from a man. We may envision two quite different scenarios.

In one scenario, the woman is presenting the local or private service with this proposition: "Help me find a job and day care for my children, and I will take care of the rest." In effect, she puts herself into the same category as the widow and the deserted wife—identifies herself as one of the most obviously deserving of the deserving poor. Welfare mothers who want to get into the labor force are likely to find a wide range of help.

In the other scenario, she asks for an outright and indefinite cash grant—in effect, a private or local version of AFDC—so that she can stay with the children and not hold a job. In the latter case, it is very easy to imagine situations in which she will not be able to find a local service or a private philanthropy to provide the help she seeks.

The question we must now ask is: What's so bad about that? If children were always better off being with their mother all day and if, by the act of giving birth, a mother acquired the inalienable right to be with the child, then her situation would be unjust to her and injurious to her children. Neither assertion can be defended, however—especially not in the 1980s, when more mothers of all classes work away from the home than ever before, and even more especially not in

view of the empirical record for the children growing up under the current welfare system. Why should the mother be exempted by the system from the pressures that must affect everyone else's decision to work?

In whatever detail we try to foresee the consequences of abolishing income maintenance for the working-aged, the objection may always be raised: We can-

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not be *sure* that everyone will be taken care of to the degree we might wish. But this observation by no means settles the question. If one may point in objection to the child now fed by food stamps who would go hungry, one may also point with satisfaction to the child who would have an entirely different and better future. Hungry children should be fed; there is no argument about that. But it is no less urgent that children be allowed to grow up in a system free of the forces that encourage them to remain poor and dependent. If a strategy reasonably promises to remove those forces, after so many attempts to "help the poor" have failed, it is worth thinking about.

But that rationale is too vague. Consider one last, intensely personal, hypothetical example. Let us suppose that you, a parent, could know that tomorrow your own child would be made an orphan. You have a choice. You may put your child with an extremely poor family—so poor that your child will be badly clothed and will indeed sometimes be hungry. But you also know that the parents have worked hard all their lives, will make sure your child goes to school and studies, and will teach your child that independence is a primary value. Or you may put your child with a family with parents who have never worked, who will be incapable of overseeing your child's education—but who have plenty of food and good clothes, provided by others.

If the choice about where one would put one's own child is as clear to you as it

is to me, on what grounds does one justify support of a system that, indirectly but without doubt, makes the other choice for other children? The answer that "What we really want is a world where that choice is not forced upon us" is no answer. We have tried to have it that way: We failed. Everything we know about why we failed tells us that more of the same will not make the dilemma go away.

It is entertaining to indulge in speculations about solutions, but they remain only speculations. Congress will not abolish income maintenance for the working-aged. More generally, it is hard to imagine any significant reform of social policy in the near future. When one thinks of abolishing income maintenance, for example, one must recall that ours is a system that, faced with the bankruptcy of Social Security in the early 1980s, went into paroxysms of anxiety at the prospect of delaying the cost-of-living increase for six months.

But the cautiousness of the system is not in itself worrisome. Reforms should be undertaken carefully and slowly, and often not at all. What should worry us instead is a peculiar escapism that has gripped the consideration of social policy. It seems that those who legislate and administer and write about social policy can tolerate any increase in actual suffering as long as the system in place does not explicitly permit it. It is better, by the logic we have been living with, that we try to take care of 100 percent of the problem and make matters worse than that we solve 75 percent of the problem with a solution that does not try to do anything about the rest.

Escapism is a natural response. Most of us want to help. It makes us feel bad to think of neglected children and rat-infested slums, and many of us are happy to pay for the thought that people who are good at taking care of such things are out there. To this extent, the barrier to radical reform of social policy is not the pain it would cause the intended beneficiaries of the present system but the pain it would cause the donors. The real contest about the direction of social policy is not between people who want to cut budgets and people who want to help. When reforms finally do occur, they will happen not because stingy people have won but because generous people have stopped kidding themselves. □

Charles Murray is a senior research fellow at the Manhattan Institute for Policy Research. This article is adapted from his new book, Losing Ground: American Social Policy, 1950-1980 (Basic Books). Copyright © 1984 by Charles Murray.

If any one person can be said to have kept the idea of economic freedom alive in this century, it is surely Henry Hazlitt. Through the Great Depression and then 30 years of Keynesian interventionism, and continuing to the present, he has tenaciously explained and defended the free-market economy.

He is an unlikely player for the part. Born on November 28, 1894, Hazlitt in his youth wanted to take up philosophy and psychology but had to quit college to earn a living. Eventually deciding that he wanted to be a newspaperman, he started out at the Wall Street Journal—as a stenographer; and with, as he recounts, almost no awareness of things economic.

He would go on, in 1946, to write a classic popular critique of government intervention in people's economic lives. *Economics in One Lesson* remains today one of the most succinct, readable discussions of economic reality available.

But Hazlitt was also instrumental in putting before the American public the work of two masters of the Austrian School of economics. His prominent reviews of *Socialism* by Ludwig von Mises and *The Road to Serfdom* by F. A. Hayek launched those works in America.

After working as writer or editor for a number of publications, in 1934 Hazlitt joined the New York Times, where he wrote most of that paper's economic editorials until 1946. For the next 20 years he penned freedom-minded essays as a regular Newsweek columnist.

In addition to *Economics in One Lesson*, reviewed and reissued in 1970, Hazlitt's other major works include *streamlined*...

Thinking as a Science in 1916 and ranging from *The Anatomy of Criticism* to *The Failure of the "New Economics."*

In anticipation of bringing REASON readers an interview with Henry Hazlitt on the occasion of his 60th birthday, Editor-in-Chief

Zupari talked with him at his home in Connecticut last spring.