

# ALMS AFTER THE STORM

BY MARTIN MORSE WOOSTER

**B**y now the Los Angeles riots have been covered by every magazine in America that could conceivably have an interest in the subject. *Premiere*, for example, did several articles about the effect of the riots on Hollywood; *The Spectator* had a piece by the London *Times*'s Los Angeles correspondent, William Cash, filed from the Playboy Mansion.

The riots were an invitation for journalists to examine both the problems of America's cities and the legacy of the Great Society. What was surprising was that few observers took the side of the rioters. In the 1960s, many journalists, fueled by the radicalism of that era, tended to assume that any unrest in the ghetto was an expression of political disgust, that the people who were looting and destroying were committing nonverbal political protest.

That sort of argument was rarely used this time. Far more typical on the left were the comments offered in the May 25 *New Republic*, a special issue devoted to the riots. "More than [the Watts riot of] '65, this was a war of each against all," said Harold Meyerson, executive editor of the leftist *L.A. Weekly*. "Even on the wacko nether-reaches of what remains of the American left, this will be a hard riot to romanticize."

"The urban uprisings of the '60s turned into orgies of looting and arson," added former *New Republic* editor Hendrik Hertzberg, "but they had, however fleetingly, some twisted hint of the form of political demonstrations. These riots had none of that.... On television it all looked more like 'Mad Max' than the Bastille."

Even the journals of opinion that would, in the past, have reflexively sympathized with the rioters had to strain to



support their position. The genteel editorialists at *The New Yorker* at first declared that there was a simple solution to the problems that resulted in the Los Angeles riots: more money. Being genteel, of course, they didn't use the word *money*; they instead declared in their May 11 issue that America had two options: "Either we can start to seriously confront the plight of our inner cities, and treat it as the national emergency we all know that it has become...[or] we can ignore the problem, and continue to humiliate and dehumanize the residents of our inner cities, and try to contain their rage by relying more and more on the prison system."

Four weeks later, *The New Yorker*'s editors realized that such a position was inadequate and decided to back up their views. The "single policy failure" that led to the riots, *The New Yorker* said, was "the abandonment of our cities by the federal government. Since 1981, direct federal spending on cities has declined by more than sixty percent. The inevitable result has been a reduction in public services, hastening the flight of the black and white working and middle classes to the suburbs, and leaving behind an ever denser concentration of poverty and unemployment."

As evidence, *The New Yorker* quoted

two men. One, a gang member named "G-Roc," didn't have very much to say; the other, a British social critic named Stuart Hall, wrote that the rioters were people excluded from society, living in poverty so long that they "are permanently out of sight of the society at large: living behind God's back." "How much longer do we plan to keep millions of Americans living behind God's back?" *The New Yorker* asked.

Aside from the interesting theological questions raised by this analysis (I wasn't aware that God even had a back), what is important about the *New Yorker* piece is to whom the editors did *not* turn for analysis: the black civil-rights establishment. Indeed, the major losers in the post-riot debate were the National Urban League, the NAACP, the National Urban Coalition, and other main-line civil-rights organizations. Whatever the Los Angeles rioters wanted, it was not affirmative action, quotas, or winning litigation conducted under Title VII of the Civil Rights Act of 1964.

In the May 16 issue of *National Journal*, reporter Rochelle Stanfield interviewed prominent blacks, including critics of the civil-rights establishment. "The civil rights struggle in America is over and it is won," economist Walter Williams told Stanfield. "The civil rights organizations can die and they are dying. The NAACP is going through the process now. It is dying."

The civil-rights establishment countered by claiming that they were not quite dead yet, but that crime, poverty, and the underclass were messy issues best discussed behind closed doors. "We have not been able to get a handle" on how to deal with the problems of the inner city, said NAACP national legislative director

Wade J. Henderson. Crime and poverty, added Eddie Williams, president of the Joint Center for Political Studies, a think tank that studies political and economic trends in the black community, were like "a drunk or a drug addict in the family" whom you want to protect by hiding from public eyes.

But such discretion, however honorable, has kept the older civil-rights groups silent on the issues that cause most harm to African-Americans. What use do these groups serve if they have no answers to the most troubling problems blacks face?

**L**et us return to *The New Yorker's* argument. It is true that federal spending for cities declined substantially in the 1980s. Indeed, the only two federal programs eliminated in the Reagan or Bush administrations, general revenue sharing (in 1986) and urban development action grants (in 1989), were programs that gave cities federal tax dollars.

Still, as *Human Events* reports in its May 30 issue, total government spending for the poor increased steadily in the '80s. Measured in constant 1991 dollars, federal welfare spending, including all government programs specifically aimed at the poor (but not counting Social Security or Medicare) was \$1.59 trillion in the 1965-1980 period; in 1981-89, the federal government spent \$1.44 trillion fighting poverty. In other words, Ronald Reagan spent nearly as much money on welfare in eight years as Lyndon Johnson, Richard Nixon, Gerald Ford, and Jimmy Carter did in 15.

Moreover, total city spending also increased in the '80s. In 1980, cities spent \$157.4 billion (in 1989 dollars). In 1989, cities spent \$198.9 billion. Whatever problems cities have, they are not due to a lack of money.

It is also true that middle-class Americans are fleeing to the suburbs, ensuring that cities, because of their smaller populations, have much less clout than they used to have. In a hard-hitting cover story in the July *Atlantic Monthly*, American Enterprise Institute fellow William Schneider observes that 1992 will "see the first presidential election in which a majority of the

voters will in all likelihood be suburbanites...we are now a suburban nation with an urban fringe and a rural fringe."

This move to the suburbs is nonracial. The Los Angelenos who moved to Orange County tend to be white; the Washingtonians who moved to Prince George's County, Maryland, tend to be black. And more Americans want to leave the cities; polls find that 43 percent of Bostonians, 48 percent of Los Angelenos, and 60 percent of New York City residents would flee town if they could. Only 19 percent of the Americans who responded to a 1989 Gallup Poll said they preferred the city to a suburb or the country.

Suburbanites, says Schneider, believe that they can better control their tax dollars when they leave the city. "Suburban voters buy 'private' government—good schools and safe streets for the people who live there," he writes. Suburbanites "resent it when politicians take their money and use it to solve other people's problems, especially when they don't believe that government can actually solve these problems." Moreover, suburbanites tend to own property, which "makes them highly tax-sensitive." The only taxes that win voter approval, says Schneider, are ones disguised as user fees.

The cities are Democratic bastions with declining populations; the suburbs, Republican redoubts that are steadily attracting more people. So if Bill Clinton calls for billions more for the cities, the result might well be a shift in votes to George Bush. And it is doubtful that a massive infusion of federal funds would end the patterns of misrule and cronyism that cause people to flee the city. Would Detroit's population soar if the city's mayor, Coleman Young, acquired \$10 billion in additional federal aid?

Two forces that might improve inner cities do not involve federal funds. America's 40,000 black churches, *Policy Review* Assistant Editor Tucker Carlson observes in that magazine's summer issue, do a great deal to help troubled African-American men avoid crime and violence and become responsible, productive citizens. According to studies conducted by the National Bureau of Economic Research, church attendance is

a more accurate predictor of whether an urban black man will become a criminal than whether he grew up in a single-parent household, whether he lived in public housing, or whether his parents received welfare. "Black men who go to church," reports Carlson, "are less likely to commit crimes, be unemployed, use drugs, or drop out of school."

Another thing that would help is additional choices for those in the inner city. People wealthy enough to live in the suburbs live in a world of ceaseless variety. They can move to areas that have the best schools; they can live in towns small enough to have police who can swiftly respond to crimes. Poor people have few choices. They are stuck with decaying schools, police whose precincts are far away from their homes, public housing projects left to rot. The poor are also harangued by nannies—the welfare caseworker, the central-office school administrator, the public-housing supervisor—who make huge salaries telling the poor what to do. The poor live in a world where no one, except a GS-11 career regulator, would find any pleasure.

Additional aid for the inner cities will do little good unless the bureaucracies that hold the poor in bondage are streamlined or eliminated. Without such reforms, most of the money to the inner city will continue to go to what entrepreneur and activist Robert Woodson has called "poverty pimps"—the sociologists, bureaucrats, politicians, foundation officials, and union leaders who thrive at the expense of the unfortunate. The poor need choices—school choice, housing vouchers, and other reforms that transfer power from central offices to the poor themselves.

The poor do not need more rules or more nannies. They need what they have not had for 50 years—the respect that is a natural consequence of freedom to control their own destinies. Until the residents of the inner cities are as free as their counterparts in the suburbs, future riots like those in Los Angeles are as inevitable as the heat of summer and the chill of winter.

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# FRACAS IN CARACAS

BY CARLOS BALL

**F**ive months after last February's failed military coup, the previously unknown Lt. Col. Hugo Chávez is at the top of Venezuela's popularity polls. The coup leader is in a prison just outside Caracas, where he was moved to avoid constant manifestations of popular support in front of the army base in the city where he was held initially. He is awaiting a military trial that no one is in much of a hurry to start.

Chávez's amazing popular appeal is based on his promises to wipe out the special privileges and widespread corruption of the last four administrations, to remove the grotesque concentration of wealth in the hands of the local *nomenklatura*, and to reverse the precipitous drop in the standard of living for the lower and middle classes. He has also stirred up the people by accusing President Carlos Andrés Pérez of selling out to Colombia in negotiations over control of the oil-rich Gulf of Venezuela. Although Chávez probably would have turned out to be a leftist demagogue, he is seen as a patriotic champion of forgotten values.

After three decades of democratically elected governments, including four run by Pérez's Acción Democrática Party and two by the Copei Party's Christian Democrats, the people are fed up with politicians. They are tired of the government's inability or unwillingness to combat street crime, remedy mushrooming bureaucratic corruption, improve horrendous public services, or bring order to the courts.

The failure of Pérez—who, like Mikhail Gorbachev, is far more popular abroad than in his own country—has been depicted by both the domestic and international news media as the flop of a free-market program. But Venezuela's system under Pérez is really a mixture of mercantilism, corporatism, and IMFism. The test of a free market is whether tens of thousands of small entrepreneurs spring up to take advantage of new free-

dom and wider economic horizons. That certainly has not happened in Venezuela, and it won't without fundamental reforms to protect property rights and establish the rule of law.

Pérez, who nationalized Venezuela's vital oil industry during his first term as president in the mid-'70s, was supposed to be a new man when he came back to

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the presidency for another five-year stint in February 1989. In his earlier incarnation, he did much to derail a vibrant nation with emerging entrepreneurial talent, a strong currency, an inflation rate of around 2 percent, and one of highest foreign-investment rates in the developing world.

Pérez turned Venezuela into a socialist nightmare of price controls, import substitutions, and protectionism. He made the central bank a cash cow for the treasury, decreed nationwide salary increases, and enforced central planning. His policies created widespread corruption, since every private endeavor suddenly required multiple permits and licenses from a burgeoning bureaucratic state. The succeeding administrations of Christian Democrat Luis Herrera

Campins and Social Democrat Jaime Lusinchi brought more economic regulation and worse corruption.

**B**y 1989, Venezuela needed a Ludwig Erhard, a Margaret Thatcher, or a Václáv Klaus. Instead, we got a second edition of Pérez. He brought to his cabinet an odd minestrone of party comrades, Keynesian academics, and young technocrats with successful experience in the private sector. In spite of belligerent opposition from his own party and the unions (which make up the backbone of Acción Democrática), Pérez accomplished some impressive reforms during the first couple of years: the reduction of government subsidies, tariffs, and corporate taxes; membership in the General Agreement on Tariffs and Trade; less discrimination against foreign investment; the shrinking of red tape; decentralization of political power through direct election of mayors and state governors; and elimination of controls over currency exchanges, interest rates, and most prices of goods and services.

The government privatized some state-owned enterprises: the smaller state banks, the international airline, sugar mills, a few hotels. Most importantly, it sold off the telephone company and the ports, agencies that had managed to cancel out the country's geographical advantages by making communications with Venezuela as difficult and costly as if we were in the middle of Africa.

On September 16, 1991, a *New York Times* headline read: "Venezuela, Once Sick, Is Booming." The article described the fantastic growth of the Venezuelan economy under Pérez's free-market policies. Suddenly, Venezuela was supposed to be out in front of Latin American development, outperforming Chile, Mexico, and Argentina in economic growth, with a per capita gross domestic product increase of 5.1 percent in 1991.

But these numbers are misleading.