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Conservatives *vs.*
The Poverty
Industry

By Robert L. Woodson



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THE POOR AND CONSERVATIVES VS. THE POVERTY INDUSTRY

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The National Center for Neighborhood Enterprise is trying to stimulate, in the black community as well as in the nation as a whole, a more thoughtful debate on alternatives for addressing the needs of the poor, the black poor in particular. An important element in this effort involves making conservatives more competitive in that debate.

I would like to discuss how we conservatives got into the political mess we are in regarding the poverty issue and then deal with some of the solutions. And this is not a bad news speech ending with a litany of despair, for I will talk about some concrete and specific solutions. But I also think that, to move in new directions, we have to be honest with ourselves: that is message of Stuart Butler's and Anna Kondratas's new book, *Out of the Poverty Trap*. It looks at a conservative agenda for addressing poverty, but it also takes a very honest look at where conservatives have failed to meet the challenge and talks about what conservatives must do to take advantage of the opportunity as it presents itself.

The National Center has been concerned primarily with how to prevent poverty, not create it. As a person who was active in the civil rights movement, I became disenchanted back in the early 1960s when the movement failed to address the legitimate concerns of poor blacks because many of the people who sacrificed most in the civil rights movement benefited least from the changes in progress. In an article published in October 29, 1965, in *The Washington Post*, then reporter Bill Raspberry interviewed a number of civil rights leaders. They recognized way back then that the problems of poor blacks were basically economic and that race-specific solutions would not work. But little has been done to mount alternative solutions to those problems.

A Phony Debate. As we look back over the past five decades, we can see an uncontested proposition in America that, when poor people are unable to or incapable of caring for themselves, then government has some responsibility. The debate, unfortunately, has always been between those who felt that we should have a more centralized approach and those who believe that that responsibility should devolve to local units of government. And unfortunately we have become locked into this romance with "New Federalism"--as if somehow this idea of devolution in itself represents an innovation. So you have a phony debate in which, if you support the poor, then you have to be for expanding the welfare bureaucracy and increasing budgets, and if you are callous and cold-hearted--as conservatives are supposed to be--then you must advocate reducing budgets.

The conservative position should not be cast in terms of whether we increase or decrease total spending. The issue should be how can we bring about

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fundamental welfare reform. There is already disenchantment with the welfare system, both on the Left and on the Right. The question is: How do we begin to generate some momentum for reform and what are the key ingredients?

Liberal Achilles' Heel. The mistake that conservatives have made in the past, and continue to make, is that many believe that all one has to do is open the gates of the free enterprise system and meritocracy will judge winners and losers. They fail to understand that successful participation in the economy requires information, but poor people unfortunately do not possess the critical information that is a prerequisite for effective participation. The Achilles' heel of liberals, on the other hand, is that they believe that, even if poor people have the requisite information, they are really too stupid to make intelligent, informed decisions for themselves, and that is why members of the "Poverty Pentagon" have to make decisions for the poor.

Thus, the poor are locked into a bipolar debate as to what is in their best interest. The poor gain nothing from this debate. As a friend of mine said quoting an old African proverb "When bull elephants fight, the grass always loses." This means there are general propositions that must be challenged, and strategies that must be adopted, if conservatives are going to break out of this impasse.

If we are to recapture the initiative, we first must make it clear that, despite a 25-fold increase in the amount of federal, state, and local dollars going to meet the needs of the poor, to the point where about \$150 billion is spent annually in 59 different programs, one-third of the black community is in danger of becoming a permanent underclass. The poor themselves realize that their plight is not improving. It is similar to what a friend of mine said in the 1960s: the disappointment of the poor in the existing poverty programs is like the black man who sat in for nine months at a Mississippi lunch counter, and when they integrated the restaurant, he found they did not have what he wanted to eat. A lot of poor people now realize that they have for 20 years sat at the welfare lunch counter in anticipation of a menu to their liking and that they were dissatisfied once the owner agreed to serve them.

Living Off the Poor. The fact is that most of the money going to the poverty programs does not go to the poor but to those who "serve" the poor. Thus we have an industry built on the backs of the poor. For instance, the City of New York did a survey of the \$14.8 billion that flows into the city to meet the needs of 1.2 million poor people--one-fifth of that city's population. They found that about 68 cents of every dollar goes not to the poor but to the social workers, counselors, and all the people who serve the poor. That is the same as somebody offering you a job for \$10,000 but giving you only \$3,000 and then offering \$7,000 to social workers, counselors, and doctors. It has created a situation where there are social welfare professionals who have an incentive to maintain people in poverty. And that is why the guardians of the liberal standard defend the existing system so rigidly, living off the poor but continually emphasizing their own moral and genuine concern about the poor.

Those who are the recipients of the monies are accountable not to the poor, but to those who provide the funding. So they ask not what problems are solvable, but what problems are fundable. Thus a situation exists where programs, and even

research, are limited to the skills and perspective of those doing the research. Also they tend to examine the pathology of poverty and, in my opinion, you cannot learn anything from studying poverty except how to create it. If you wanted to learn how to play an instrument, you would not go to five people who had failed to learn and say, "I want to study your failure so I can become a virtuoso."

Instead, you would go to two people who had mastered the instrument and study them. Well, we must do the same thing with poor people. But what a lot of researchers do, unfortunately, is comparable to the person who said he lost his watch on 50th Street, but searched for it on 70th Street. And someone said, "Why are you looking on 70th Street?" He said, "Because there's more light there." In the same way, many in the research community are limited by their own perspectives and therefore they search where the funding is, not where the solutions might be. And when they fail to turn up solutions, they go back to their sources of funds and complain that they are underfunded--or claim that the problem is more intractable than originally thought and therefore additional money is needed. Government and foundations continue to give them money and they keep coming back with these failed solutions. Then every ten years or so, new paradigms are introduced to replace the old ones, which starts a whole new funding cycle.

Common Principles. This is a kind of game being played today on poor people, and the real losers are not only the poor but society in general. So at the National Center what we do instead is to go to low-income communities and examine their capacity. We want to know not how many black female-headed households exist with children in prison, in jails, or on drugs. We want to know how this woman raises five children by herself, in public housing and on welfare, and yet gets off welfare in three years and manages to send all five children to college. In other words, we go in to examine the capacity of poor people, document their successes, and then we try to bring them together to determine what are some of the common principles, and what are some of the common barriers that they face, that can be changed to provide opportunity.

In order to do this, we try to seek alliances--something the conservative movement has failed to do with poor people. In other words, the conservative community must overcome its Achilles' heel, too. At a conference here at The Heritage Foundation, Congressman Newt Gingrich (R-GA) said something I will never forget. He said that the conservative movement will never become a popular movement as long as it is perceived to be against the poor and against minorities. That is certainly how it is perceived. And we conservatives have gained that reputation the old-fashioned way--we earned it. We did so mainly because of the selection of our constituents. Most conservatives were on the opposite side of most of the civil rights legislation. So they do not exactly bring a lot of credibility when they talk of the importance of a colorblind society. I believe there must be two think tanks for every disgruntled white fireman in society who has a complaint that he is being discriminated against. But conservatives did not seem to be so colorblind when blacks were the victims, and they continue to feed the notion among blacks that the only time that race is of interest is when whites are offended. It is important for conservatives to understand that.

Weakness of Conservatives. Yet paradoxically, just as that has been the weakness of conservatives, it can also be their strength, because it means that conservatives have not exploited the conditions of poor people for political gain, and they have not profited on the suffering of poor people in the way many liberals have. Moreover, the chief constituency of conservatives happens to be business, but today business has no proprietary interest in the maintenance of an underclass. This economy is expected to generate about 16.3 million new jobs in the next fifteen years. If you look at the demographic trends, it means more of the work force of the future will be black and Hispanic, at a time when a million kids are dropping out of school and a million more are graduating illiterate. For America to be competitive, both domestically and internationally, business must deal with a work force that will increasingly consist of minority people. Business must now begin to address the needs of poverty in a serious way--not as an act of charity or corporate responsibility, or to win political brownie points, but as the means of survival in competitiveness as a nation. Thus, since conservatives do not carry this baggage of having exploited the poor politically and economically, and thus do not have to depend for support on unions or people who make their living off serving poor people, it means that they are in a rare situation. They are placed to establish what I call a "strategic alliance" with poor people to pursue many interests shared between poor people and conservatives.

Red Tape Suffocates Innovation. A key to understanding the underlying harmony between conservatives in business and the poor is to remember business's appreciation for the entrepreneurial spirit. Business people look at outcomes and consequences as a measure of effectiveness and success, as opposed to some of the soft stuff of social scientists. So business can appreciate someone who invents a solution to a problem irrespective of their education. In our social welfare system, we have to bring credentials to the table if we are to argue our position. But in our economic life the only requirement is to produce a product or a service that is of value to people in need--that has some value in the marketplace.

Business can appreciate how red tape suffocates innovation. A lot of the rules that bar poor people from participating in solving problems have to do with professional credentials. A mother can raise five children successfully under adverse circumstances, but if she tries to set up a day care center as a business, the state says she must have a master's degree in early childhood education simply because there is an assumption in the bureaucratic mind that certification is synonymous with qualification. This just ain't so. In the marketplace, on the other hand, if that same person were to invent a software package that could make IBM \$30 million, no one is going to ask her whether or not she has a degree in computer science, because the marketplace is outcome driven. Poor people have demonstrated that they can reduce crime and teen pregnancy and better manage public housing without a lot of professional credentials. Conservatives, and especially businessmen, can understand and relate to that. Liberals cannot.

The Social Entrepreneur. So the business community ought to be able to accept the social entrepreneur as having a valid contribution to make, and forge a strategic alliance with him or her. That strategic alliance is analogous to what I call the "rabbit and the fox on the raft crossing the river." First get to the other side, then deal with any differences. That is what I mean by a strategic alliance.

But it cannot be an ideological alliance, and that is another problem conservatives have. We tend to demand ideological purity on a whole range of issues before we will even sit down and talk with somebody, rather than to look at the strategic advantages of coming together. It is interesting to look at the election in Georgia of John Lewis, who beat the favored Julian Bond. The alliance he brought together was conservative, white suburbanites and low-income residents of public housing. With that coalition, he beat a very popular national black figure. That would seem to be the political coalition of the future.

Let me give you two examples of the kind of alliances that are possible. One concerns public housing resident management. We went around the country and found residents who were able to manage their projects successfully themselves. We documented their success. Last year we then approached Congressman Jack Kemp and members of the Republican Study Committee, who agreed to hold field hearings at one of the projects here in northeast Washington. They were so impressed that they then held hearings on Capitol Hill to explore the issue further. Then the Democrat-controlled Banking Committee hurriedly got on a bus a week later and went to the same public housing project to conduct field hearings. And Kemp said, if you get us one Democrat ready to sponsor seven amendments to the Housing Act that will remove some of the barriers to poor people taking greater responsibility, we will find a hundred Republicans. Well we persuaded Walter Fauntroy, the liberal Democrat from Washington, D.C., to cosponsor seven amendments with Jack Kemp, all aimed at fostering self-help and initiative, and there were hearings held where 25 leaders of public housing came into Washington. As a consequence, those provisions passed 430 to 0, despite strong opposition from the AFL-CIO and the AFSCME union. That happened because the very people that the Democrats rely upon as the moral basis of their positions--poor people--were lobbying to pass legislation by conservative Republicans Steve Bartlett, Dick Arney, and Jack Kemp. But ever willing to shoot itself in the foot, the Republican-controlled Senate would not consider the legislation because it was not important enough.

"Anti-Black" and "Anti-Poor." Now under the 100th Congress, we have a similar bill that had an amendment, successfully authored by Bruce Morrison, a liberal Democrat from New Haven, to require all public housing residents to conform to prevailing wage laws and union rules. That would price unskilled tenants out of the maintenance jobs they have had under tenant management. But we have been able to mobilize the low-income residents of New Haven, Connecticut, and our resident leadership around the country has labeled Morrison "anti-black" and "anti-poor." The major newspaper in New Haven has written editorials attacking Morrison, and a black Democratic member of the City Council has issued a resolution to the City Council demanding that Morrison withdraw his amendment. Since he is a member of the House who won his third term by only 1,300 to 1,500 votes, I am confident that poor people and conservatives are going to retire Mr. Morrison when he runs again because of his contempt for poor people. It blows his mind to have poor people accusing a liberal Democrat of being anti-poor. But we were able to do this through a close working relationship with local people. He said, "Well this is some right wing think tank, the National Center, which is lodging these charges." We said, "No, poor folks themselves were the ones bringing the charges against him." We merely reinforced their position.

That is an example of how it is possible to take an issue of local and national significance and forge a strategic alliance, and then move it to the point where major policy changes will occur.

Participating in the Economy. The second example deals with the conservative civil rights position. We are cooperating with the conservative Landmark Legal Foundation in Kansas City in filing civil rights cases on behalf of poor people. Our first case arose two months ago when I received a call from a group in Lawrence, Kansas, called Independence, Inc. It concerned a 39-year-old handicapped man who had applied to four nursing homes but decided to go into subsidized housing and be independent. Independence, Inc. helped him to set up a computer business at home so that he could eventually get off welfare. But because he was an irritant in the side of the bureaucrats, they evicted him using a HUD law which prohibits poor people living in subsidized housing from operating a business. So as Reagan appointees to the Commission on Private Sector Initiatives, Evan Kemp, who is in a wheel chair, and I said publicly that we were going to challenge HUD rules that bar poor people from exercising their right to participate in the economic system. We got on a plane, and we said we were going to handcuff ourselves to this man's door to protect this American's civil rights to participate in the economy. Then we led a demonstration of 160 people, and when the press asked us what the President would think about our actions, I said, "If he knew what his own bureaucracy was doing, he would be outraged."

It was on the front of the page of the state's major dailies every day for a week and the lead story on the evening news every night. And the key thing about these reports was that they featured conservatives--Reagan appointees--battling in alliance with poor people gainst bureaucratic red tape. As a consequence of this action on our part, we received a call from the White House when we were in Kansas to come right back to the White House to meet with officials. And we demanded that HUD take action to eliminate this barrier and to bring about immediate reform of its own welfare policy, because it was participating in the eviction of a man who was poor but who was trying to achieve greater self-sufficiency by starting a modest computer business. Incidentally, he made a total of \$1,100 in six months and his rent had been increased from \$60 a month to a \$160 a month because he, being honest, reported this "windfall profit." And after they raised the man's rent, they wanted to evict him for trying to be independent. This was the same week that HUD issued a press release announcing a new initiative to encourage poor people living in public housing to go into business.

Forging Alliances with the Poor. The outcome was that HUD Secretary Samuel Pierce sent a letter to his attorney and to the judge indicating that the rule cited by the owner of the property was invalid, and he also sent a letter to all HUD regional offices to be shared with all owners of privately subsidized housing, which exempts all poor people who try to establish a business for themselves in their home. And this was done within a period of three days after the confrontation. Landmark Legal Foundation was with us 100 percent, ready to file a lawsuit against the government and against the housing owners.

If conservatives want to establish credibility, and if they want to establish strategic alliances with poor people, they must do more than publish policy tracts

and studies condemning the existing system. They must offer creative alternatives to that system. They also must forge alliances with the poor on issues defined to be of importance to them and agree to meet with them and join in coalitions with them to solve specific problems. The stories I told you dealt with a problem with the Democratic Congress and with the faceless bureaucracy. We have to be willing to operate on both these levels if we are to bring about change. We have shown that it can be done, and that it can yield dramatic political successes.

