

EAST VALLEY Tribune

Patterson: Poverty rate higher than the '70s and growing

By Tom Patterson, contributing columnist | Posted: Sunday, February 9, 2014 4:36 pm

Ronald Reagan's famous quote, "We declared war on poverty and poverty won," has come in for some harsh criticism lately. For example, Linda Valdez of The Arizona Republic recently excoriated the Gipper for his "cynicism," pointing out that a "great nation does more than make jokes at the expense of the poor."

But Reagan wasn't making jokes about the poor, he was being cynical about our massive failure to pull them out of poverty. There's a lot to be cynical about. The Cato Institute recently determined that all levels of government spend \$1 trillion annually on income transfers, the left's preferred method of poverty alleviation (that trillion is in addition to the trillion spent on Medicare and Social Security as well as the undetermined tab for Obamacare).

The well-known results are depressing. The poverty rate is 30 percent higher than it was in the 1970s and appears to be growing. Labor force participation is at an historic low, while more than 100 million Americans receive some form of income-related assistance.

It wasn't supposed to be this way. When President Johnson proclaimed the War on Poverty, he confidently predicted "the days of the dole in this country are numbered."

He didn't realize that the fatal flaw of all income transfers is that work and self-discipline are disincentivized for the beneficiary. A sense of entitlement inevitably replaces self-sufficiency. The more extensive the benefits, the stronger is the motivation-killing effect.

A recent survey revealed that in most states the value of a package of welfare benefits exceeded earnings from a minimum wage job, while in half of all states a welfare beneficiary could "earn" 80 percent of the state median income while doing nothing. Benefits packages now include even government-supplied cell phones.

It's no wonder that our welfare system has separated millions of Americans from work. That's unfortunate. Work provides economic self-reliance and the chance for advancement. It naturally connects behavior and consequences. Work permits the worker to earn the respect and admiration of those whom they support.

So how, rather than ending the dole, did anti-poverty programs produce 100 million Americans on the dole? The implementation of the war on poverty was hijacked by organizations dedicated to getting as many people on welfare as possible. War on Poverty funds paid for community

organizers and activists like the National Welfare Rights Organization, which demanded looser eligibility requirements and attempted to flood the system with as many clients as possible.

These organizations soon came to see work requirements or any other conditions of receiving benefits as the abridgment of a fundamental “right.” Yet experience over the years has shown that the only programs that reduce long-term welfare dependency are those that place clients immediately into paid employment.

The work-first welfare reform of the 1990s reduced the welfare rolls from 12 million to 4.5 million. But the bureaucracy has since oozed back into place since so that today 21 million poor people over the age of 15 — 66 percent of the total — do not work.

Peter Cove, a poverty warrior from the days of LBJ, writing in City Journal describes his experiences with America Works, his for-profit welfare-to-work company that has placed 250,000 welfare clients into jobs. These people were long-term welfare beneficiaries who obtained jobs starting at an average of \$10 per hour, plus benefits.

Cove, originally a manager in traditional anti-poverty programs, found that extended education and training programs are ineffective. Most people without a job mainly lack, other than motivation, connections and interpersonal skills which can be bolstered by a week of focused training. Even drug and alcohol abusers, the mentally handicapped including veterans with PTSD (Post traumatic stress disorder) and physically disabled people by the thousands have succeeded in working and lifting themselves out of welfare and sustained poverty, even in a down economy.

Our welfare system has morphed from a safety net into a destructive culture of dependency. That may work for the politicians who perpetuate it and the bureaucrats who operate it. The only way we can win the War on Poverty is to focus on work, even government-created work if necessary, rather than handouts for those in need.