

THE HAYRIDE

Time For Our 50-Year Checkup

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Is a handout really the best way to give a leg up?

That is the question we have asked ourselves since President Lyndon Johnson declared an “unconditional war on poverty in America” 50 years ago and jumpstarted a massive increase in government social programs.

According to the Cato Institute, “Since we started the War on Poverty in 1965, the federal government alone has spent more than \$13 trillion fighting poverty. Including state and local government brings total anti-poverty spending over \$15 trillion.”

Considering the government’s \$25 billion investment in the Apollo program that resulted in man landing on the moon, one could expect to see a sizeable decrease in the number of Americans living in poverty as a result of this unprecedented level of spending since 1965. Right?

At the time of Johnson’s announcement, roughly 19 percent of Americans lived in poverty. In the 50 years since, the tragic reality is that the poverty rate has not fluctuated much. It has tracked as low as 11 percent at moments over that time, but has unfortunately trended upward in recent years.

A recent study released by the Stanford Center on Poverty and Inequality revealed “The official poverty rate increased from 12.5 percent in 2007 to 15 percent in 2012, and the child poverty rate increased from 18 percent in 2007 to 21.8 percent in 2012. The current poverty rates for the full population and for children rank among the very worst over the 13 years since 2000.”

Even more startling is that since we began this period of government expansion to fight poverty, we now see more working age people live in poverty than ever before. In fact, according to the Pew Research Center, a majority of poor Americans are in their prime working years: In 2012, 57 percent of poor Americans were ages 18 to 64, versus 41.7 percent in 1959.

Pew also notes that since 1964 the poverty rate has remained highest in the South, though most regions of the country have not seen their percentages change much at all. The percentage of citizens living below the poverty line in the South is 4.8 percent lower than in 1964. The Northeast is only .9 percent lower, the Midwest is down by 3.5 percent, and the percentage in the West is surprisingly 9.2 percent higher than in 1964.

So after trillions of dollars spent and countless programs expanded over the last 50 years, we essentially have poverty rates largely similar to 1964 and more working age people living in poverty than ever before. The signs all point to an obvious diagnosis: our approach is not working. It is in this context that Congressman Paul Ryan introduced his “anti-poverty” plan last week.

Citing the \$800 billion we spend every year on 92 federal programs to fight poverty, Ryan has proposed something he calls “Opportunity Grants” that will give states flexibility on how best to spend federal dollars. Specifically, the Ryan plan would combine 11 federal safety net style programs, including food stamps, child care assistance, housing assistance, and the temporary assistance for needy families (TANF), into a flexible grant to states with fewer strings attached.

The plan would allow states to partner with public or private providers to deliver services as long as the state implements certain conditions, such as a work requirement for recipients and ensuring program accountability is measured and tracked by an independent party. This block grant approach, accompanied with a proposed increase in the Earned Income Tax Credit program, has drawn the most attention from policymakers and pundits from every political persuasion. For example, many conservatives hoped to see more cuts in Ryan’s plan while some liberals view the block grant as simply clearing the way for future programmatic cuts.

What has received much less attention are Ryan’s proposed sentencing reforms and plan to allow federal education dollars to be used for quality school choice programs for low-income children, as well as job training programs that are proven effective and meet regional workforce demand.

Opinions have varied on these proposals also, especially from those that benefit the most from the current bureaucratic and federally controlled allocations. President Ronald Reagan once said that, “The war on poverty created a great new upper-middle class of bureaucrats that found they had a fine career as long as they could keep enough needy people there to justify their existence.”

Congressman Ryan to his part has embraced the mixed reviews, saying that, “The whole purpose of this – and I have learned this from legislating and reforming government for a long time – you have got to start with ideas, you have got to begin the discussion so that you can get to consensus to actually effect change.”

He is on the right track. We need to re-evaluate our entire approach and the 50-year anniversary of the War on Poverty is the perfect time to start this discussion. We need new ideas that lead to better outcomes, especially in education and job training, while protecting American taxpayers from runaway debt. May the best idea win, as long as “continue to do what we have done for the last five decades” is not the winning plan.

How many more trillions of dollars will we spend on old bureaucratic ideas that don’t improve our poverty rates? We need to focus on lifting the next generation out of poverty by improving education through parental choice, school accountability, higher standards, and relevant curriculum that prepares our kids for the jobs of tomorrow. We best assist those adults living in poverty today by helping them secure a good paying job. Instead of viewing government dependency as a successful outcome, we should make creating a robust private market that creates opportunity and jobs for everyone our top priority. The best way to lift working age adults out of poverty is to get them in the workforce.

Our nation's first declaration was one of independence, not dependence. Our early leaders saw that clearly and, in fact, even President Johnson recognized that American foundation when he set us off on this massive governmental expansion experiment. He said at the time, "We are not content to accept the endless growth of relief rolls or welfare rolls. We want to offer the forgotten fifth of our people opportunity and not doles."

We have not heeded this warning over the last 50 years and it is time to reconsider our approach. Reagan said, "Welfare's purpose should be to eliminate, as far as possible, the need for its own existence." That is not what we are seeing today.

We have lost our way in this effort and it is time for a new plan. We do the poor no favors if we continue for the next 50 years the same game plan of weighing down our economy with taxes to expand programs that have not helped them.