

## Water's Gone, We're All Poor, Now What?

By Leslee Kulba – May 6, 2013

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By the time this article hits the streets, the Asheville water system will likely be seized by the state legislature. According to reports, this will impoverish the city to the extent that its only means of survival will be impoverishing its citizens. Rather than whining and suing, let's accept our new reality and learn how to deal with being poor.

A year ago, Michael Tanner, a senior fellow at the Cato Institute specializing in social welfare topics, wrote, "This year, the federal government will spend more than \$668 billion on at least 126 different programs to fight poverty. And that does not even begin to count welfare spending by state and local governments, which adds \$284 billion to that figure. In total, the United States spends nearly \$1 trillion every year to fight poverty. That amounts to \$20,610 for every poor person in America, or \$61,830 per poor family of three."

That was written when only 15 percent of Americans were on food stamps. Now, as Sean Hannity likes to drill home, 20 percent of Americans are on the program, and the administration is working with the Mexican government to enroll los indocumentados. Last year, 106 million Americans received some form of government welfare, and that was a third of the population.

Tanner is the author of at least two superb books on the failure of government to make any headway in the realm of poverty relief. Reading the most recent, *The Poverty of Welfare*, is like coming face-to-face with God, because the politically-incorrect data it contains shows the devastating consequences of forsaking the wisdom of faith and family for the Hollywood lifestyle.

The book was written way back in 2003, when there were just over 70 overlapping federal programs fighting the War on Poverty, and state, local, and federal welfare spending was only around the \$434 billion mark. Back then, Tanner wrote, "Ninety-two percent of families on welfare have no father present. . . . Divorce is the most common reason a person goes on welfare, followed by an out-of-wedlock birth. Contrary to the rhetoric, relatively few individuals go on welfare because they have lost a job or suffered a decline in wages. . . . Women who started on welfare because of an out-of-wedlock birth average more

than nine years on welfare and make up roughly 40 percent of all recipients who are on welfare for 10 years or longer.”

That said, teen pregnancies are on the rise. According to the “Knot Yet” report, 48 percent of first births in this country now occur out of wedlock. The statistics are often made more atrocious by zooming in on particular races or ethnic groups, but it is well-established that the cultural breakdown is a function of income and opportunity and not skin pigmentation.

Presenting the latest available data, the National Campaign to Prevent Teen and Unplanned Pregnancy concluded that in 2008 teen births burned through \$10.9 billion taxpayer dollars nationwide. The cost in North Carolina alone was \$392 million. In addition to public assistance to feed and care for their children, the total included “69 million for increased rates of incarceration and \$121 million in lost tax revenue due to decreased earnings and spending.” The National Campaign, which contributed to the “Knot Yet” report, operates with federal funding, advocates for birth control and delayed marriage, surveys kids about their dalliances, and brags that pregnancy rates “have plummeted,” calling that “The Greatest Story Ever Told.”

John Hood at the John Locke Foundation, however, says, “More than 40 percent of North Carolina children now are born out of wedlock, roughly double the rate of two generations ago.” Hood also observed a direct correlation between divorce and single parenthood and demand for public assistance. He said findings by the Brookings Institution imply almost all increases in childhood poverty over the last forty years are directly attributable to a euphemism for illegitimacy.

What’s welfare doing to help? For those who don’t abort, government welfare programs are doing all they can to encourage safe teen pregnancies with wraparound services, including daycare to help the young mom stay in school, parenting lessons, prenatal care, and more. In short, it’s throwing great sums around to remove disincentives to a life of dependency and poverty.

In the olden days, it was self-evident that raising children was a two-parent job. One was a breadwinner, and the other nurtured. Now, men have been kicked out of the house, replaced with government subsidies. Single moms, whether out of good intentions or welfare requirements, go to work and go to school. That means if the kids don’t go to daycare, they’re left to be raised by whatever role models they find on the streets. In the days when poverty was concentrated in public housing, that meant drug dealers.

In his 1996 book, *The End of Welfare*, Tanner says the demand for more government daycare is largely concocted. In 1991, when the government felt a need to create more centers, vacancies abounded at every

level just about anywhere in the country. Data presented did not include unlicensed facilities and babysitting. The argument was made that daycare was expensive, averaging \$63 a week, but that included what the rich and famous pay. No data was proffered about the skewness or kurtosis of the distribution.

Hood and Tanner agree on three things that can steer people away from a life of poverty. One is waiting until after marriage to have kids. Another is, in the words of Tanner, "getting a job – any job – and sticking with it." Government, not blind to the fact, has changed welfare programs accordingly. At first it replaced the dole with makework, but skills gained while removing graffiti or working in a bureaucratic office did not exactly translate to the public sector. By increasing tax-subsidized payroll, workfare eroded more of the private workforce to the brink of poverty.

What's more, over half of welfare recipients are mothers with children under the age of five. Even politicians could see it was more important for an infant's mother to spend quality time at home than to squander her time doodling in an office somewhere. Therefore, work requirements, were for a long time difficult to justify.

Addressing the irony of workfare, President Ronald Reagan's former senior economic advisor, Martin Anderson, remarked, "If people are on welfare then, by definition, those people should be unable to care for themselves. They can't work, or the private sector can't provide jobs enough. That is supposed to be the reason they are on welfare. What sense does it make to require someone to work who cannot work? . . . Instead of requiring men and women who are receiving fraudulent welfare payments to work, we should simply cease all payments."

The third way to stay out of poverty, at levels defined by the government, is to finish school. Hood names a fourth, which needs no belaboring except to say the federal government has a War on Drugs, and that is to avoid addiction. Hood says the probability of enduring poverty for any appreciable amount of time is less than 2 percent for those who follow all four poverty-avoidance strategies, but almost 80 percent for those who follow none.

Getting more specific, Tanner says children of single parents are four times more likely to meet government definitions of poverty than kids with two parents. 23.9 percent of non-working adults, 15 percent of part-time workers, and 2.6 percent of fulltime workers are poor. 77 percent of poor adults do not have the equivalent of a high school diploma.

Tanner's fourth strategy for avoiding poverty would be to avoid frittering. Agreeing with the esteemed Michael Sherraden of Washington University in St. Louis, he asserts saving and accumulating equity

constitute “one more important stepping stone on the road out of poverty.” This is not new. Proverbs 13:11 in the KJV reads, “Wealth gotten by vanity shall be diminished: but he that gathereth by labour shall increase,” but in various revised versions has been translated to, “Wealth hastily gotten will dwindle, but those who gather little by little will increase it.”

At the beginning of this article, it was stated that last year the government spent \$61,830 per poor family of three on welfare programs. With automation and electronic banking, it wouldn't take too much overhead to cut each family a check for \$60,000. They could even be made to settle for a \$40,000 salary to build a little reserve for the government workers who would have to be laid off.

Of course government is too intent on creating jobs these days to force its own layoffs. Tanner knows government programs are quickly co-opted by special interests, and they tend to serve the interests of the providers more than the “clients.” He often argues, “The political power necessary to transfer income to the poor is power that can be used to transfer income to the nonpoor, and the nonpoor are usually better organized politically and more capable of using political power to achieve their purposes.” The success of an anti-poverty strategy should be gauged “not by how much charity we provide to the poor but by how few people need such charity.”

Another reason throwing money at the poor could be as unproductive as throwing it at government has been handed down in a host of adages. like “Easy come, easy go,” and “A fool and his money . . .” Easy money is not appreciated. Poverty is associated with instant gratification, squandering any new money on cigarettes, alcohol, single-serve snack food, and trips to the pool hall. It has also been argued that poor people place a high priority on entertainment and hanging out. It is a different mindset that forces oneself to lose sleep, turn down invitations, turn off the entertainment center, forego purchases, struggle to keep the mind constantly engaged in creative problem solving, etc.

A comment by Lord Peter Bauer on foreign aid has parallels. Somewhat mystically, he argued, “If the mainsprings of development are present, material progress will occur even without . . . aid. If they are absent, it will not occur even with aid.”

Tanner argues a lot of welfare recipients are not lazy; they're making a rational decision to collect more money through less effort. Working means they must now spread less income around to replace welfare benefits like free food and housing, while picking up costs of working for taxes, work gear, and commuting.

Lastly, Tanner calls attention to the alarming increases in welfare enrolment during the Bush years, and the even more extreme “conscious policy choices by [the current] administration to ease eligibility rules and expand caseloads.” These include increasing income thresholds at twice the rate of inflation; excluding vehicle ownership and bank accounts from consideration in means testing; and the waiving of screening processes. States are put in the position of recruiting new welfare “clientele” or losing federal funding. The amount of money Obamacare will redistribute to the poor families already on the receiving end of over \$60,000 per year in government programming is not yet known, as we are still reading the bill.