

# The ABCs of Compassion

## A Tough Love Agenda

by Clifford F. Thies

Reform and a vibrant economy have shrunk the welfare rolls. It is time to consider what we should be doing for the working poor.

### **A** is for ACCEPTING

Abraham Lincoln commented that God must love the poor, else why would he have made so many. Earlier in our country's history, "self-help" was the means by which society tried to enable the poor to better take care of themselves. Toward the end of the 19th century, the mission became, instead, to attack the root causes of poverty and change society, not the behavior of the poor. We must accept that the poor will always be among us and that we must encourage them to change their behavior.

### **B** is for BETTERING

The term "bettering" is adopted from one of the first self-help organizations of our country, the Society for the Betterment of the Conditions of the Poor, formed in Boston during the early 19th century. It offered job placement, counseling, adoption, loans, and other services to those who could help themselves. Material assistance was provided only to those who were unable to provide for themselves.

### **C** is for CUTTING TAXES

The burden of taxes is heavy on the middle-class; it is cruel to the poor. A family that would have paid a total of four percent in income and payroll taxes in the early 60s is today paying as much as 30 percent. In addition, property and sales taxes and indirect business taxes, all of which have increased, fall heavily on those in the lower income levels. Liberals used to comfort themselves with the argument that the poor enjoyed a net benefit from the taxes and transfer payments of government (as though taking money from the working poor to give to the non-working poor approximated social justice). It is manifestly wrong to tax the poor to benefit those better off. Present federal tax reform is focused on flattening and simplifying the tax code, effectively creating a generous "zero-bracket" that exempts the poor from the federal income tax. A parallel effort at the state level should be made to insure that the burden is lifted from the working poor.

### **D** is for DEREGULATION

Deregulation, privatization, out-sourcing, free trade, and other efforts to increase competition serve consumers, including poor ones, by lowering costs and increasing variety. Monopolies and cartels redistribute wealth to themselves through higher than competitive prices. State enterprises are notorious for high cost, inefficiency, ineffectiveness and corruption. If single mothers are expected to provide for themselves, then subsidies to peanut and tobacco farmers, to multinational corporations, and to applied research should be ended.



### **E** is for EQUAL RIGHTS

Our Declaration of Independence asserts that all men are created equal. The founders knew that equality was not in inheritance or in abilities, but in each person's nature as a human being. In the administration of justice, we must be blind to the wealth of the rich, and to the poverty of the poor.

### **F** is for FELONIOUS CRIME

The poor are not criminals. Criminals live among the poor. For the poor, the breakdown of law and order means living in the midst of violence. The first thing that society should do for the poor is to protect them from violent criminals.

### **G** is for CAPITAL GAINS

For many who are poor, creating a small business creates a job. Occupational licenses, zoning restrictions, and public transportation monopolies deprive many of this opportunity. The emerging service-oriented economy offers a variety of opportunities for persons willing to take a risk. To mention just a few: jitney transportation, child care, and lawn services. Initial capital requirements in many of these industries are minimal and can often be met in creative ways such as seller-finance, landlord-finance, and quasi-charitable small loans. Capital gains taxes should be reduced to encourage this type of investment. Those not born into the elite have most often broken the shackles of poverty through entrepreneurship.

### **H** is for HIGHER EDUCATION

Today, higher education has become more of an investment than the pursuit of a liberal education. A mature adult seeking improved earning ability while working full-time and raising children has as much right to an education as a younger, unencumbered one. It is unfair to condition tax credits for higher education on full-time student status or on maintaining a "B" average. A simple solution would be to make all educational expenditures tax-deductible, just as business investments in plant and equipment are.

### **I** is for INCOME- AND WORK-TESTS

Employment or marriage can actually cause a poor family's spendable income to fall. Work requirements that also reduce or deny benefits effectively discourage work, saving, and marriage. To keep taxpayer costs down, benefits are restricted to the dependent poor and denied to the working poor. Oregon



accepted the fact that providing Medicaid to the working poor as well as the dependent poor meant financing only higher-priority procedures. This is a good step, but a total review of the whole package of taxes and benefit/losses needs to be conducted to insure that personal responsibility is always rewarded.

## **J** is for JUVENILE AND FAMILY LAW

Women overwhelmingly head households living in poverty in the United States. Whether because of divorce or desertion, the number of single women with children exploded in the 1960s. During the 19th century, men were legally responsible for raising their children. This law changed on the theory that the child's mother was the better custodial parent, and non-custodial fathers became financially responsible through the child's age of majority.

For the poor, the rule that the non-custodial parent owes child support is completely unrealistic. Middle class men may be able to pay the mothers of their children to raise them, but poor men cannot. Laws that require child support payments effectively raise tax rates on the poor. In Oregon, some relief is obtained by restricting garnishment of wages to 25 percent of a person's net income and 50 percent of a person's gross income. Even with this relief, a low-income person may not be able to survive.

## **K** is for K-THROUGH-12 EDUCATION

Many public schools are fine schools; but this is not the case in metropolitan areas where residential segregation based on income creates significant disparities in quality. The liberal remedy to this problem was once cross-town busing, which drove the middle class out of the city and intensified the problem. The next liberal remedy was to equalize spending per pupil. Unfortunately, the quality of education has no correlation to expenditure per pupil. This fact may drive middle class families out of public schools altogether. The conservative remedy for bad public schools is to allow the poor the same kind of choice enjoyed by the middle class. We can enable the poor to choose schools in both the public school sector and the private sector through magnet schools, charter schools, vouchers, and tax-credits.

## **L** is for LIABILITY REFORM

The cost of liability insurance is very high in older cities, deterring investment needed for rehabilitation. Abatement of asbestos or lead paint can make older buildings irreparable. The potential liability associated with toxic wastes scares business away from older industrial sites, or "gray zones." Federal regulations discourage community reinvestment, such as job creation, banking, and retail shops, and ghettoize poor neighborhoods.

## **M** is for MISDEMEANANT CRIME

When 17th century London was swarming with beggars, scam artists and petty thieves, Parliament passed laws suppressing almsgiving and against loitering, trespassing, lewdness, public intoxication, and domestic violence. In recent years, New York

Mayor Rudy Giuliani gained national attention for enforcing laws against "quality of life" crimes, e.g., jumping subway turnstiles. These policies encourage general respect for law and order. Enforcement of such laws has significantly reduced felonious crime in New York City.

## **N** is for NON-CASH BENEFITS

Aid in the form of currency is as easily spent on beer and cigarettes as on healthy food. Food stamps exchange in the black market for 50 cents in ordinary currency, reducing their potential for abuse. For the debit Independence Card, street values fall to 25-40 cents, further reducing the potential for abuse. The Women, Infants and Children (WIC) program is better, restricting the purchases allowed to certain kinds of food. Whether private charity or government welfare, non-cash benefits are an effective strategy to provide the working poor with the incremental support they need, while minimizing the negative impact on personal responsibility.

## **O** is for ORPHANAGES

A few years ago, Newt Gingrich set off a firestorm of controversy by endorsing orphanages. Historically, most orphanages were entirely commendable, especially those run by people of faith. Then, Big Brother stepped in. State laws prohibited or over-regulated adoption, banning inter-state adoption, the exchange of money, the adoption of Catholic children by Protestants, and inter-racial adoption. Adoption standards were unrealistically high and the legal process was expensive and time-consuming. In New York, the final strangulation of orphanages and adoption occurred in 1915 with the enactment of "Mother's Relief." Following this law, the number of children raised in families dependent on welfare exploded, and the number placed in orphanages or adopted collapsed.

## **P** is for PERSONAL MORALITY

It seems that at least half of all first pregnancies always occurred prior to marriage. Even so, until the 1960s, illegitimacy rates ran in the low single digits. Today, the illegitimacy rate runs about 30 percent and in some groups has reached 85 percent. Why not? Three P's—the pill, penicillin, and public assistance—challenged the mores of reserving sex for marriage. The problem is that the poor simply cannot afford the sexual license enjoyed by the wealthy and avant-garde.

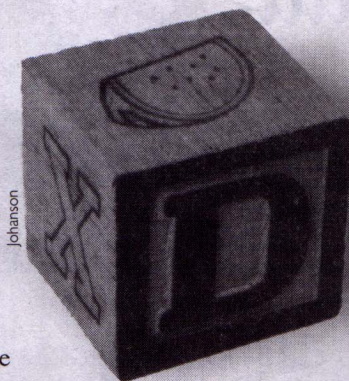
## **Q** is for QUALITY TIME

Quality time for parent and child together. For liberals, the challenge of welfare reform is how to equip low-wage, single mothers to work full-time. Their solution is government-financed and regulated child care. For conservatives, the challenge of welfare reform is how to uphold the two-parent family.

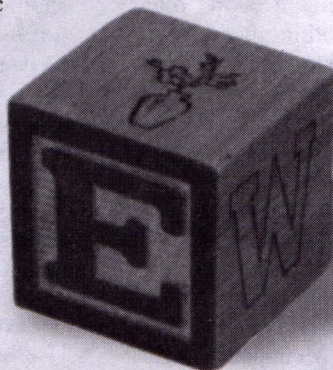
Conservatives do not think the government should make it illegal for mothers in two-parent families to work outside the home. We simply want government to stop biasing decisions.

## **R** is for the 3 R'S

In the United States, the majority of high school graduates go to



Johanson



Johanson



college. By contrast, in Germanic countries of central Europe, only half of the graduates of eighth grade go on to what we call high school. The others go on to work, many in apprentice programs. The difference in the two systems is threefold. First, students in the primary grades in Germanic countries actually learn how to be successful in life, rather than being passed-through regardless of their learning. Second, young adults in Germanic countries are well-prepared to begin work and family-formation. Third, almost all college graduates in Germanic countries find well-paying, white-collar jobs. Perhaps we should reconsider our attitudes of expecting everyone to go to college.

### **S** is for SOCIAL SECURITY

Social Security was originally designed as a mandatory, actuarially-based, contributory plan of social insurance. Since its origins in the 1930s, Social Security has been transformed into a pay-as-you-go, income maintenance program. If as little as one-fourth of workers' Social Security tax were put into IRA-like stock mutual funds, and if future stock market returns are close to what they have been during the past 200 years, then those who regularly work, even at low-wages, would be millionaires upon reaching retirement age. This would tremendously reinforce the work ethic among low-wage workers.

### **T** is for THRIFT

"Save and be free," said Benjamin Franklin. The founders of our country knew that freedom had a material as well as spiritual dimension. They encouraged thrift and membership in mutual benefit societies, so people, when they were young and healthy, would make provision for life's contingencies. The encouragement of savings should be among our goals for those making the transition from welfare dependency to self-sufficiency.

### **U** is for the UNDERGROUND ECONOMY

The underground economy includes more than illegal activity in drugs and prostitution. It also includes cash transactions in order to evade taxes or to supplement welfare payments. Problems associated with the underground economy include nonpayment of taxes, worker exploitation, and corruption. Among the strengths of the flat tax proposal is its generous zero-bracket amount, which removes the incentive for low-income people to go underground.

### **V** is for VICTIMLESS CRIMES

Prohibition proponents have made the argument that the behaviors they restrict hurt innocent third parties. For example, alcohol should be prohibited because some people are alcoholics and hurt their spouses and children. This is utilitarianism: the greatest good for the greatest number. However, there is no evidence that prohi-

bition has ever worked and a lot of evidence that prohibition results in worse evils. Alcohol prohibition lead to organized crime, gangland assassins, political corruption, and the breakdown of law and order in many parts of our country.

Today, the middle class think that if we get serious (whatever that means), we can win the war on drugs, and the violence from the inner cities will not make its way to the suburbs. Please, consider the more effective handling of tobacco: enforcing laws against selling to minors, eradicating second-hand smoke, and using part of the revenue from excise taxes to ameliorate the harms of tobacco abuse.

### **W** is for WORK

Paul, in the New Testament, did not seek to use the coercive force of government to make people work, but rather to condition the charity of the church on work. Because welfare was not an entitlement, the potential problem of leading people into lives of dependency could be avoided. This tough-love attitude characterized the 19th century reform of the poor laws. As the New England transcendentalist Ralph Waldo Emerson put it, "If a man give me aught, he has done me a low benefit; if he enable me to do aught for myself, he has done me a high benefit."

### **X** is for XENOPHOBIA

The Statue of Liberty beckons to the poor, huddled masses yearning to be free. Today, the high costs of welfare, Medicaid, etc., make immigrants a liability. Yet, immigrants have always been a vibrant part of the U.S. economy. They are, as a whole, upwardly-mobile and entrepreneurial. Denying welfare to immigrants, legal as well as illegal, will make immigrants again a net benefit to society and to our economy.

### **Y** is for YES, I CAN

People are too smart to fall for instruction in self-esteem that is not based in reality. During the 19th century, the private charity system sought to preserve the dignity of the poor. Except for those manifestly unable to provide for themselves, material assistance was temporary, and money extended was a loan, not a handout. Poverty is not simply a matter of money, but a sense of self responsibility and voluntary community.

### **Z** is for ZEROING OUT WELFARE

During the 19th century, the government did not completely zero out welfare. The goal was to enable as many people as possible to become self-sufficient. Nevertheless, welfare nearly zeroed out. Poor houses, originally for the destitute unable to receive private charity, became populated almost exclusively by persons needing continual professional care. Today, it is not the people unable to care for themselves who are burdening the welfare system. Rather, it is welfare to those who are able to take care of themselves that should be zeroed out.

