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Ecclesiastes 12:12

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Charles Murray's
LOSING GROUND
American Social Policy, 1950-1980

by David Chilton

Over the last few years, a good number of books have dealt with the failures and disastrous consequences of so-called "liberal" policies—the social welfare legislation and funding, the proliferation of rights and "empowerment," and so on. Among the best of these could be mentioned Martin Anderson's *Welfare* (Stanford: The Hoover Institution, 1978), Edward C. Banfield's *The Unheavenly City Revisited* (Boston: Little, Brown and Co., 1974), Roger Freeman's *The Growth of American Government* (Stanford: The Hoover Institution, 1975), George Gilder's *Wealth and Poverty* (New York: Basic Books, 1981), Henry Hazlitt's *Man vs. the Welfare State* (New Rochelle, NY: Arlington House, 1969), Richard Morgan's *Disabling America: The "Rights Industry" in Our Time* (New York: Basic Books, 1984), Thomas Sowell's *Civil Rights: Rhetoric or Reality?* (New York: William Morrow, 1984; reviewed in Preface 13), and Walter Williams's *The State Against Blacks* (New York: McGraw-Hill, 1982).

The most devastating of all, however, is Charles Murray's aptly titled *Losing Ground*, a blockbuster exposé of the destructive consequences of U.S. poverty programs after the "Great Society" reforms of the mid-1960s, when the U.S. government set out upon an ambitious plan to end poverty by vastly increasing its expenditures on poverty programs (pp. 48f.). Murray reports: "From 1965 to 1980, the federal government spent about the same amount on jobs programs, in constant dollars, as it spent on space exploration from 1958 through the first moon landing—an effort usually held up as the classic example of what the nation can accomplish if only it commits the necessary resources" (p. 70). The total expenditures on social welfare programs of the federal government alone have been "over \$100 billion (in 1980 dollars) each year since the late-1960s; over \$200 billion annually since the mid-1970s" (p. 68).

In order to get a grasp of exactly how much *one billion* is, it may be worthwhile to remember the following little exercise: Imagine yourself spending *one thousand dollars per day* since Jesus Christ was born. When the year 2000 rolls around, you will not yet have spent a billion dollars—you will have about \$270 million to go! In fact, if you had been spending *one million dollars* per day since Christ's birth, you will still not have spent as much as the federal government spent in the past year (1984) *alone* (over \$800 billion), during the tightwad Reagan administration.

To be specific, let us consider some of the figures Murray cites (p. 14) on the costs of federal social welfare expenditures between 1950 and 1980 (using "a constant, official definition and constant dollars"—i.e., taking inflation into account):

- Health and medical costs in 1980 were six times their 1950 cost.
- Public assistance costs in 1980 were thirteen times their 1950 cost.
- Education costs in 1980 were twenty-four times their 1950 cost.
- Social insurance costs in 1980 were twenty-seven times their 1950 cost.
- Housing costs in 1980 were 129 times their 1950 cost.

And what has been the result of this unprecedented largesse on the part of U.S. taxpayers? Murray states the clear, sobering fact: "Progress [against poverty] *stopped* coincidentally with the implementation of the Great Society's social welfare reforms. . . . Huge increases in expenditures coincided with an end to progress" (p. 63).

Losing Ground is one book which compels the reader to look at the charts and graphs—or, rather, to stare at them in horror. Murray carefully and painstakingly piles up the evidence, documenting his case that American social welfare policy—particularly in its effects on low-income blacks—has created a permanent slave class, destroying initiative, breaking up families, eroding self-respect, and contributing to both the moral and economic decline of the poor. Poverty has increased, not in spite of, but *precisely because* of the "war on poverty."

Paradigm Shift: 1964-67

Before the 1960s, American social policy was governed by a traditional consensus about "welfare": While it was assumed that the state should have a role in caring for the poor, it was also recognized (based on the Christian ethical heritage) that a dole tends to have damaging effects on its recipients. "The very existence of a welfare system was assumed to have the inherent, unavoidable effect of undermining the moral character of the people. Not working is easier than working; not saving is easier than saving; shirking responsibility for parents and spouses and children is easier than taking responsibility. It was seen as a truism that a welfare system was perpetually in danger of tilting the balance in favor of the easy way out" (p. 16).

Thus people drew a clear distinction between the "deserving poor"—those who were involuntarily unemployed, the helpless—and the "undeserving poor," the vagrants, the lazy and irresponsible who refused to work and who sought merely to live at the expense of others. True *charity* (love) was expected to discriminate between the honest man who needed help in an emergency and the man who just wanted

lifelong handouts. There was a clear moral difference between a man who was merely poor and a man who was a pauper. (Many modern readers will need it spelled out, since the distinction has virtually disappeared in popular consciousness: A *pauper* is someone who lives on public charity. In days long ago, it was believed that one could be *poor* but honest and industrious.) There was a general recognition of the danger that unrestrained welfare might do more harm than good, that it might simply breed irresponsibility. Even the New Deal, with all the changes it brought about in the structure of poor relief, largely accepted these presuppositions.

The consensus among policymakers underwent a radical shift in the 1960s, however, when the Kennedy and Johnson administrations began to turn the focus of public welfare from emergency aid to a *continuing effort* on the part of the government to help recipients escape from the dole. The initial idea, expressed in a popular slogan, sounded noble: "Give a hand, not a handout." The idea was to go into the slums with community development assistance and job-training programs in order to enable the poor to attain economic self-sufficiency. The really important point here is not the existence of the programs themselves; they turned out to be a dismal failure in virtually every respect (the elite white planners, to their utter shock and horror, discovered that welfare recipients do *not* necessarily work when given the opportunity). What is crucial is the precedent set in those visionary years: the notion that government has a continuing responsibility to care for *all* of the poor, "deserving" or not.

During the years 1964-67, as the planners were beginning to comprehend the magnitude of the failure of their programs (which the media did not report until a decade later), the major part of the American intelligentsia—the professional "dealers in ideas" and civil service policymakers—underwent what Murray calls a "paradigm shift," in the language Thomas Kuhn used to describe the process of change in the history of science in his own somewhat paradigm-shifting work, *The Structure of Scientific Revolutions* (University of Chicago Press, 1962; second ed., 1970; see Gary North's essay, "The Epistemological Crisis of American Universities," in *The Foundations of Christian Scholarship: Essays in the Van Til Perspective*, \$7.50 from ICE). Under the influence of socialist Michael Harrington's 1962 book *The Other America* (Macmillan), the elite wisdom came to see poverty as an unavoidable result of the American free enterprise system. Regardless of how much economic growth took place, many millions would remain poor because of the system's defective way of "distributing" the wealth. Poverty was now viewed as "structural"; the American system was to blame for it (i.e., the Ronald Sider Thesis, minus the out-of-context Bible verses).

This meant, inescapably, that the poor themselves were not responsible for altering their condition. It was a ready-made explanation for the failures of the War on Poverty. It meant that the government which had taken upon itself a continuing responsibility for an entire social class could never hope to see that class raise itself out of poverty, no matter how much "assistance" was given. And this new viewpoint resulted in a whole new set of principles and policies for social welfare. Once it was accepted that "the system is to blame" for poverty, "policy principles that had gone unargued were instantly outdated. Among these was the principle that the government should not support unemployed people. If the system was to blame that the person was trapped in a job that paid too little money for a decent existence, then the principle was palpably unfair—so unfair that, like the principle it replaced, it did not need to be debated.

"This was the 'conversion' aspect of the paradigm shift. Before 1964, we did not debate welfare for working people because the reasons against it were so self-evident; after

1967 we did not debate the issue because the reasons in favor of it were so self-evident. There was no great debate in the interim, no moment at which the nation could observe itself changing its national policy. The change happened unannounced. The thematic congressional debate after the mid-1960s was not whether to include the working poor in the new programs, but the conditions under which they would be included" (p. 45).

The extent of the paradigm shift can perhaps be most clearly seen in the numerous forms of welfare for working people which were passed by Congress during the "conservative" Nixon administration, when the President declared that the government "has not less of an obligation to the working poor than to the non-working poor." As Murray points out, "Hardly anyone except the most obdurate reactionaries opposed such programs in principle. Hardly anyone argued that it was fundamentally *wrong* to take tax dollars from one worker whose paycheck, the government had decided, was too large, and give them to another worker whose paycheck, the government had decided, was too small. Ten years earlier, hardly anyone would have argued that it was right" (p. 46).

And so there came "changes in the rules." There would no longer be any official moral distinctions between the industrious poor and the lazy poor, or between the "deserving" poor and the "undeserving" poor. Government policy homogenized the poor, outlawing and erasing the traditional status distinctions between those who were poor but hard-working, who sought to be self-sufficient, and those who were simply no-good bums. *All* the poor were victims of the system. All the poor were equally deserving. Thus, virtually all low-income persons began receiving welfare payments. This had drastic effects: "The working people who made little money lost the one thing that enabled them to claim social status. For the first time in American history, it became socially acceptable within poor communities to be unemployed, because working families too were receiving welfare. Over a period of years, such changes in the rules of the economic game caused status conventions to flip completely in some communities. Why, at bottom, should working confer social status? Originally, there were two reasons. One was that nonworking people were a threat to the wealth and well-being of the rest of the community. The second was that nonworking people were visibly outcasts; they lived worse than anyone else. Once these highly functional sources of the status are removed, the vaunted 'work ethic' becomes highly vulnerable. The notion that there is an intrinsic good in working even if one does not have to may have impressive philosophical credentials, but, on its face, it is not very plausible—at least not to a young person whose values are still being formed. To someone who is not yet persuaded of the satisfactions of making one's own way, there is something laughable about a person who doggedly keeps working at a lousy job for no tangible reason at all. And when working no longer provides either income or status, the last reason for working has truly vanished. The man who keeps working is, in fact, a chump" (p. 185).

Making War on the Poor

One measure of these changes used by Murray is the rate of labor force participation (LFP), reflecting what he calls "an active intention of working, given the opportunity." What this means is that those who have dropped out of LFP are *not* people who are merely unemployed and looking unsuccessfully for work; rather, LFP dropouts are people who have entirely "given up hope or ambition of becoming part of the labor force" (pp. 75f.). The statistics are shocking. "In 1954, 85 percent of black males 16 years and older were participating in the labor force, a rate essentially equal to that of white males; only four-tenths of a percentage point separated the two populations. Nor was this a new phenom-

enon. Black males had been participating in the labor force at rates as high as or higher than white males back to the turn of the twentieth century.

"This equivalence—one of the very few social or economic measures on which black males equaled whites in the 1950s—continued throughout the decade and into the early 1960s. Among members of both groups, LFP began to decline slowly in the mid-1950s, but the difference in rates was extremely small—as late as 1965, barely more than a single percentage point.

"Beginning in 1966, black male LFP started to fall substantially faster than white LFP. By 1972, a gap of 5.9 percentage points had opened up between black males and white males. By 1976, the year the slide finally halted, the gap was 7.7 percentage points. To put it another way: from 1954 to 1965, the black reduction in LFP was 17 percent larger than for whites. From 1965 to 1976, it was 271 percent larger" (p. 76)

This change was absolutely unprecedented, Murray says; until this happened "we had never witnessed large-scale voluntary withdrawal from (or failure to enlist in) the labor market by able-bodied males" (p. 77). The tragedy of this decline in black LFP is compounded by the fact that, during the same period, it was mirrored in almost every other aspect of black activity in American culture. For example, after steady improvement from the 1950s to the early '60s, black schools and educational performance suddenly took a nosedive during the years of radical growth and proliferation of welfare programs (i.e., after 1964), resulting in what is now an enormous gap between blacks and whites. During the same period, the number of criminals and victims soared rapidly: whereas the homicide rate among blacks had steadily dropped between 1950 and 1960, it suddenly climbed sharply after 1964. At the same time, there was a rapid rise in both the number of illegitimate births among blacks, and the number of black teenagers giving birth. In fact, it was precisely among the youth that the changes in attitudes and performance were most pronounced: Across the board, in every area, the young behaved differently from everyone else. The black family had remained fairly stable for decades; but as the new generation grew up, the number of "one-parent" families among low-income blacks rose dramatically. Again, we must remember that sudden changes like these are utterly unprecedented in American history; and, beginning in the mid-1960s, the changes all happened to the poor, and they happened all at once.

The point is not simply that these declines took place during the same period. The crucial point is that Murray establishes, beyond any reasonable doubt, that these changes were caused by the welfare system. As he argues: "When large numbers of people begin to behave differently from ways they behaved before, my first assumption is that they do so for good reason"—the "good reason" being the *changes in the incentive structure* of American social policy. (The best all-around study of the nature of incentive structures and their effects on decision-making is Thomas Sowell's *Knowledge and Decisions*; Basic Books, 1980.) All the changes in the behavior of the poor "could have been predicted (indeed, in some instances were predicted) from the changes that social policy made in the rewards and penalties, carrots and sticks, that govern human behavior. *All were rational responses to changes in the rules of the game of surviving and getting ahead*" (p. 54). In welfare, in the risks attached to crime, and in education, the "rules of the game" were radically altered during the 1960s, and these changes, which reinforced each other, had an enormous impact on the incentive structure facing the poor.

The changes in the welfare system informed the poor that there was no longer any social stigma in becoming dependent upon aid (indeed, it was a "right"); personal responsibility was denied; and all welfare recipients were equally

deserving of lifelong support (in fact, the very concept of "deserving poor" was discarded). *The poor became pauperized*. Low-income males found that the financial rewards of dropping out of the labor force were superior to those of holding down a job; low-income women were faced with the plain economic fact that living with a man out of wedlock and bearing illegitimate children—in effect, marrying the state—would guarantee a stable income. Many men and women chose these avenues; they were the paths of least resistance. And "the changes we made were not just policy errors, not just inexpedient, but unjust" (p. 219).

In the area of crime, the risks of arrest, trial, and punishment—especially for the poor, and even more especially for poor youths—were considerably lowered. It began to be perceived, increasingly, that crime *does* pay (as it was simultaneously perceived that honest labor is not as rewarding, in its effects on either status or pocketbook). As the prospective benefits of criminal activity steadily outweighed the prospective costs, more and more people opted for the short cuts. The traditional connections between behavior and results were obscured.

In education, the same things happened. Sanctions against low academic performance and violence were dropped; thus "a student who did not want to learn was much freer not to learn in 1970 than in 1960, and freer to disrupt the learning process for others. Facing no credible sanctions for not learning and possessing no tangible incentives to learn, large numbers of students did things they considered more fun and did not learn. What could have been more natural?" (pp. 173f.). The short-term benefits provided by the new rules of America's social policy seduced low-income youths into long-term disaster: as Murray puts it, "all these changes in behavior were traps. Anyone who gets caught often enough begins going to jail. Anyone who reaches his mid-twenties without a record as a good worker is probably stuck for the rest of his life with the self-fulfilling prophecy he has set up—it is already too late for him to change the way he thinks about himself or to get others to think differently of him. Any teenager who has children and must rely upon public assistance to support them has struck a Faustian bargain with the system that nearly ensures that she will live in poverty the rest of her days" (p. 176).

What we have witnessed in America over the past twenty years is the systematic destruction of an entire class—the inescapable outcome of our social welfare policies. That is not to say that these results have been intentional on the part of the planners. What is important is this: *The results are just as certain as if they had been intentional*. "If an impartial observer from another country were shown the data on the black lower class from 1950 to 1980 but given no information about contemporaneous changes in society or public policy, that observer would infer that racial discrimination against the black poor increased drastically during the late 1960s and 1970s. No explanation except a surge in outright, virulent discrimination would as easily explain to a 'blind' observer why things went so wrong" (p. 221). As far as its effects on poor blacks are concerned, civil rights and welfare policy in this country might as well have been determined by the Ku Klux Klan.

Opressing the Poor

Christian socialists such as Ronald Sider often seek to make much of the argument that the Bible often blames poverty on oppression. I could not agree more. But what they have resolutely refused to acknowledge is that the degradation, impoverishment, and outright enslavement of millions in this country has primarily been caused by the oppressive policies of elite planners like themselves. Truly, "the compassion of the wicked is cruel" (Proverbs 12:10); and that includes the sincere but misguided compassion of those who seek to assist the poor by unbiblical (and therefore

wicked) policies. Compassion, if not informed and ruled by biblical standards of justice, can become the cruelest form of oppression (see Digby Anderson, ed., *The Kindness that Kills: The Churches' Simplistic Response to Complex Social Issues*; London: SPCK, 1984).

Toward the end of his chilling study, Murray poses a question each of us should consider thoughtfully: "Let us suppose that you, a parent, could know that tomorrow your own child would be made an orphan. You have a choice. You may put your child with an extremely poor family, so poor that your child will be badly clothed and will indeed sometimes be hungry. But you also know that the parents have worked hard all their lives, will make sure your child goes to school and studies, and will teach your child that independence is a primary value. Or you may put your child with a family with parents who have never worked, who will be incapable of overseeing your child's education—but who have plenty of food and good clothes, provided by others. If the choice about where one would put one's own child is as clear to you as it is to me, on what grounds does one justify support of a system that, indirectly but without doubt, makes the other choice for other children? The answer that 'What we really want is a world where that choice is not forced upon us' is no answer. We have tried to have it that way. We failed. Everything we know about why we failed tells us that more of the same will not make the dilemma go away" (p. 233).

In Chapter 16, Murray sets up an interesting hypothetical experiment: that we put ourselves in the place of government planners and design a program, using an annual grant of one billion dollars, which will give cash awards to people who quit smoking. "The challenge in this experiment is to use the \$1 billion in a way that (in our own best estimate) will meet this test. My proposition," Murray says, "is that we cannot do so: that any program we design will either (1) have no effect on smoking or (2) actually *increase* smoking. I maintain that we are helpless to use the one billion dollars to achieve our goal" (p. 206).

Over the next several pages, Murray explores every possible avenue: All end in failure, and most of them are utterly counterproductive. For the economic reality is that the government winds up paying people to smoke (you have to smoke in order to quit smoking). No matter what we do, no matter how we structure the program, the result is either that we achieve nothing at all or that we make things worse. And this applies to all programs that seek to transfer wealth from the haves to the have-nots. "In all cases, the transfer is legitimized by the recipient's being in a certain condition (whether smoking or poverty) that the government would prefer the recipient not be in. The burden of the smoking example is not that we failed to reduce smoking—to achieve the desired behavioral change—but that we increased the number of people who end up in the desired condition. This charge applies to transfers in general" (p. 211).

The reasons for this are rooted in what Murray outlines as the "Laws of Social Programs," one of the most important being the fact that "any social transfer increases the net value of being in the condition that prompted the transfer" (p. 212). Again and again this point is hammered home, not simply in hypothetical examples but in the disturbingly concrete data of the history of our social programs. We have paid people to be poor. We have, in the strictest economic terms, paid men not to get jobs, paid teenaged girls to get pregnant, paid youths to be criminals, paid schoolchildren not to get an education. And we most certainly got what we paid for.

Abolishing the New American Slavery

The real question thus becomes not "How much good can we afford to do?" but "How can we do any good at all?" Murray does propose a program for social welfare that has great potential, one that is easily within our resources and that will not destroy those whom we wish to help. He states: "We have available to us a program that would convert a large proportion of the younger generation of hardcore unemployed into steady workers making a living wage. The same program would drastically reduce births to single teenage girls. It would reverse the trendline in the breakup of poor families. It would measurably increase the upward socioeconomic mobility of poor families. These improvements would affect some millions of persons"—results which have consistently eluded all current welfare policies, yet which are virtually guaranteed in the program he proposes.

What is this wonder-working program? It consists simply of "scrapping the entire federal welfare and income-support structure for working-aged persons, including AFDC, Medicaid, Food Stamps, Unemployment Insurance, Worker's Compensation, subsidized housing, disability insurance, and the rest. It would leave the working-aged person with no recourse whatsoever except the job market, family members, friends, and public or private locally funded services. It is the Alexandrian solution: cut the knot, for there is no way to untie it" (pp. 227f.).

While Murray does not advocate the abolition of all forms of "public" (i.e., tax-funded, i.e., coercively transferred) assistance, he does come remarkably close to the Biblical model for charity, which is structured in terms of personal responsibility (for an outline of the Biblical system, see the forthcoming third edition of my *Productive Christians in an Age of Guilt-Manipulators*, 458 pp., \$9.95). As he puts it, scrapping the welfare system involves "no lack of compassion but a presumption of respect. People—all people, black or white, rich or poor—may be unequally responsible for what has happened to them in the past, but all are equally responsible for what they do next" (p. 234).

Murray's powerful arguments and solid documentation cannot simply be shrugged off. His work is causing "paradigm shifts" everywhere: Even *The New Republic*, which certainly possesses respectable leftist credentials, was forced to acknowledge that Murray has dealt a deathblow to the standard liberal assumptions about welfare. In its November 19, 1984 issue the magazine published a review of both Murray's book and Michael Harrington's latest plea for massive increases in social welfare spending (*The New American Poverty*; Holt, Rinehart & Winston, 1984). While the reviewer could not quite bring himself to admit that Murray had won the argument hands down, he did conclude that Murray's findings had rendered Harrington's arguments completely untenable (where I come from, we call that "winning an argument"). This was followed up a month later with an article by Murray himself, entitled "Affirmative Racism" (December 31, 1984) in which he argued that government-mandated preferential treatment for minorities creates racism and unjust discrimination—not a view we are used to reading in the pages of *The New Republic* (this thesis has been eloquently defended in recent years by two outstanding black economists: Thomas Sowell, in *Civil Rights*, and Walter Williams, in *The State Against Blacks*). The old liberal welfare system is dead in the water. Some are beginning to admit it; virtually everybody knows it. Everybody, that is, except Harrington and Sider, who continue to march on, arm in arm, blissfully unaware not only that they have no clothes, but that the entire parade has made a right turn a few blocks back. No one is watching them anymore.