

Let Freedom Ring  
By Russell Redenbaugh and Rachel Budd  
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This country was founded on a radical notion. It was a notion that the concerns of the poor and common man could best be addressed not by the aristocracy, but by the commoners taking into their own hands the means of production and the capacity, through their own effort, to release themselves from tyranny and lift themselves from poverty.

Now, after 200 years, this notion doesn't seem so radical, only obvious. We have forgotten that the standard system of government for centuries comprised a powerful aristocracy who governed and lower classes who were led. We have forgotten that the rules of the game under the monarchy from which the colonists fled froze three classes in place: the aristocratic elite, the laborers and the poor. And, most importantly, we have forgotten that the opportunity to work and prosper to which we Americans are so accustomed have not always been available

**The Establishment of the United States: A New Game of Opportunity and Commerce**

The establishment of the United States was an incredible experiment. The Declaration of Independence is striking in its boldness, clarity and the strength of its principles.

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty, and the pursuit of Happiness."

With these words a whole new national system was brought into existence, one that fostered new institutions, new rules, new strategies, and most importantly, new opportunities for social and economic advancement for the common man. We are so accustomed to the American ideals of autonomy, invention, and reward for our labor that we forget that at the time these words were written, these ideas were revolutionary, unpracticed since the times of ancient Greece.

The Declaration of Independence declared a whole new "game" into being, one that was in sharp contrast to an economic and political system based

on monarchy, aristocracy and privilege. It was a game based on the rule of law rather than the rule of men.

For nearly two millennia, up to the 18th century, nations around the globe had been ruled by sovereigns that were given absolute power to make and change the laws, the rules, at their own discretion. The monarchy had rights, the aristocratic elite had rights, the common man did not have rights. In fact, the political movements in Britain from the Magna Cart forward, reduced the rights of the King, and increased the rights of the aristocracy, but left substantially unchanged the rights of the common man.

Carrying with them the common beliefs from England, the American colonists maintained this "privileged capitalism, based on a mindset unequivocally supporting aristocracy, accorded opportunities to aristocrats rather than to commoners."<sup>1</sup> The belief that the only the elite were capable of governing was not restricted to the upper classes. As Jack Lessinger writes: "The indigent poor no less than the landed aristocracy embraced the proposition that what the common man did best was to labor at menial tasks, while he who stood on the pedestal of birth and breeding could better lead the nation, direct large enterprises, and ensure prosperity."<sup>2</sup>

The lower classes accepted their position as laboring and lower class and relied on the aristocracy for political and economic leadership and generosity or the aristocracy.

## **The Opportunity to Work**

"A person who can acquire no property, can have no other interest but to eat as much and to labour as little as possible. Whatever work he does beyond what is sufficient to purchase his own maintenance can be squeezed out of him by violence only and not by any interest of his own."<sup>3</sup>

In America today there are policies that enforce exactly that which Adam Smith warned against.

As we celebrate our independence this week, our freedom from the rule of the aristocracy, from the discrepancy of the rights of the elite over the

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<sup>1</sup> Jack Lessinger, Ph.D., *Penturbia: Where Real Estate Will Boom AFTER the Crash of Suburbia*, (Seattle: SocioEconomics, Inc., 1991), p. 93.

<sup>2</sup> *Ibid.*, p. 90.

<sup>3</sup> Adam Smith, *The Wealth of Nations*, (1776: New York: Modern Library, 1937).

common man, we must remember that we still find ourselves trapped in policies that come down from the top rather than freeing people to move up from the bottom. We still expect our poorest people to survive by the generosity of the government. Although we surely agree that this generosity is sometimes needed, many of our policies prohibit working and educating your way out of poverty.

For example:

- 1) If you're on welfare it's illegal to save money. Since 1935 it has been illegal to have a bank account, tools or other assets that can be
- 2) If you're on AFDC, which 14.2 million women are, you must not work or marry. For those who work, welfare payments drop faster than after tax income rises. Going to work makes you and your family worse off. Laffer and Canto found that in L.A. county welfare mothers face 125% marginal tax rate.
- 3) Poor people have the least influence over school curriculum and the choice of schools for their children. Efforts to establish school choice for all male all black schools have been blocked by the traditional educational system and the misapplication of our civil rights laws.
- 4) High regulations, particularly state and local regulations that restrain the start up of small businesses, particularly in our poorest areas. stifle entrepreneurship.
- 5) High capital gains taxes make it much more profitable to invest in Hong Kong (0% capital gains tax) than in Harlem (28%).

The Declaration of Independence and the U.S. Constitution, written 200 years ago, set up the structures with which American capitalism - the game of commerce played in the marketplace by the common man - could occur. With this in mind, it is time to rethink our social welfare programs from the same radical perspectives and ideals that were promoted by these documents. We need to find ways to allow the poor to play in the game of commerce rather than preventing them from doing so.

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"Welfare's Children"  
*Economist*, June 18, 1994

The picture on our cover (a poor teenage woman, amid urban squalor, with an infant) was not snapped in some third-world shanty-town. It was taken in Chicago. It illustrates a disaster as pressing as any in the world: the perpetuation in America's inner cities of pockets of extreme poverty where few adults work, most children are raised without fathers, and crime is the career of choice. During the 1992 election campaign, Bill Clinton promised to tackle this blight and the culture of dependency that has encouraged it. He said he would "end welfare as we know it." On June 14th, at last, his proposals appeared.

Reactions were predictable. The right wing says his plan is too soft; the left, that it is too harsh. The center calls it a jumble of half-measures. Nearly everyone agrees that the president's lofty promise will not be kept.

There are, indeed, good reasons to be sceptical. Congress is divided over welfare; the system itself is deeply resistant to change. But healthy scepticism is giving way to a cheap cynicism which the poor--and America itself--can ill afford.

### Limits and opportunities

The evils of the main federal welfare programme, Aid to Families with Dependent Children (AFDC), are plain enough. AFDC sends cheques to poor mothers as long as they neither marry nor get a job. Because the cheques can go on forever, the programme too often fosters long-term dependency; and it does nothing to discourage illegitimacy. This is poisonous: children born out of wedlock are far more likely to grow up poor--and to turn out nasty--than those who are not.

Mr. Clinton proposes to use a bushel of carrots and one very big stick to end the cycle of dependency. First, he means to make work more attractive. Last year he pushed through a tax cut for low-wage workers; this year, he is pushing for universal health care, which will ensure cover for them; and his welfare plan would expand training and child-care for welfare mothers. He also aims to help single mothers by cracking down on "deadbeat dads," who evade \$34 billion in court-ordered child-support payments every year. But these opportunities, in turn, are to carry an obligation. After two years on AFDC, recipients will cease to get benefits; and they must work, if necessary in a public-service job.

The plan is far from perfect. Because paying for it meant making new spending cuts or devising new taxes elsewhere in the budget, and

because Mr. Clinton was (typically, pathetically) unwilling to do either, the package was scaled back. Gone are billions in spending on child-care for the working poor: this, in turn, means that millions of such families are more likely to fall on to the welfare rolls. The plan will be phased in slowly, so that just half of those on AFDC will be covered by 2000. The planned number of public-service jobs may prove to be woefully too small.

Does this trimming make the Clinton plan timid? Hardly. Time-limited welfare has never been tried. Yet Mr. Clinton is proposing a strict, nearly exemption-free work requirement. After two years, if you do not work, you get no money. True, this will apply only to a fraction of the rolls for years to come. But it is a clearly defined fraction--everyone under 24 in 1996--and a crucial one. Nearly half of all women on welfare had their first child as a teenager. They are the hard core of the underclass, and it is their expectations that most urgently need to be altered. But they are also far harder to place in jobs than older welfare mothers. By concentrating on these women, the Clinton plan is both radical and correct.

If it is not seen that way, it is largely because the debate about welfare has swung too strongly to the right in the past decade. Conservatives insist that the roots of the underclass lie not in non-work, but in rates of illegitimacy. Deterring out-of-wedlock births, they say, will require a two-month time limit on benefits; or ending all cash assistance to women under 21; or perhaps abolishing welfare entirely.

This approach has serious defects, even putting its cruelty aside. The miseries of the underclass are caused by a combination of non-work and illegitimacy. And evidence suggests that, unless they are truly draconian, government policies will never have much effect on the decisions of women to have babies. Better to focus on the need and will to work: a strategy that, as well as lifting people out of poverty, might also cause some of them to think twice about having babies outside marriage.

What sticks in the throats of liberals is the idea that entitlement to welfare cash should be time-limited. The left regards this as punitive. Yet if there is any value that Americans of all classes share, it is the worth of work. In the words of Franklin Roosevelt, that scourge of the poor, "continued dependence on relief induces a spiritual and moral disintegration." Many AFDC recipients would agree. And it is hard to imagine a welfare system more punitive to children than the current one.

None of this implies that Mr. Clinton's plan is free of dangers. Since time-limited welfare has never been tried, no one can say how it will work. No one knows how many of these poor, badly educated women will fail to find jobs; how many will simply refuse to turn up for public-service jobs; how their children will fare. And another danger looms too: that politicians will behave as if dealing with welfare is all that is required to sort out the underclass.

Nothing could be more false. The best welfare reform in the world (whatever that might be) would leave much about ghetto life unchanged. Inner-city schools would remain abysmal. The illegal drugs business would still be the biggest local industry. Gangs would continue to run the streets. The worst-off blacks would still be huddled into slums far away from job prospects and people of other races and classes.

Few politicians are willing to talk honestly about these problems. Yet until America gets serious about them--and especially about improving the prospects of young black men--little progress will be made. The reaction to Mr. Clinton's welfare proposal shows how far, for good or ill, the debate over the underclass has come. And it shows how far it still has to go.

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