

# If You Build It, They Will Come

29 September 2009

By David Stanowski

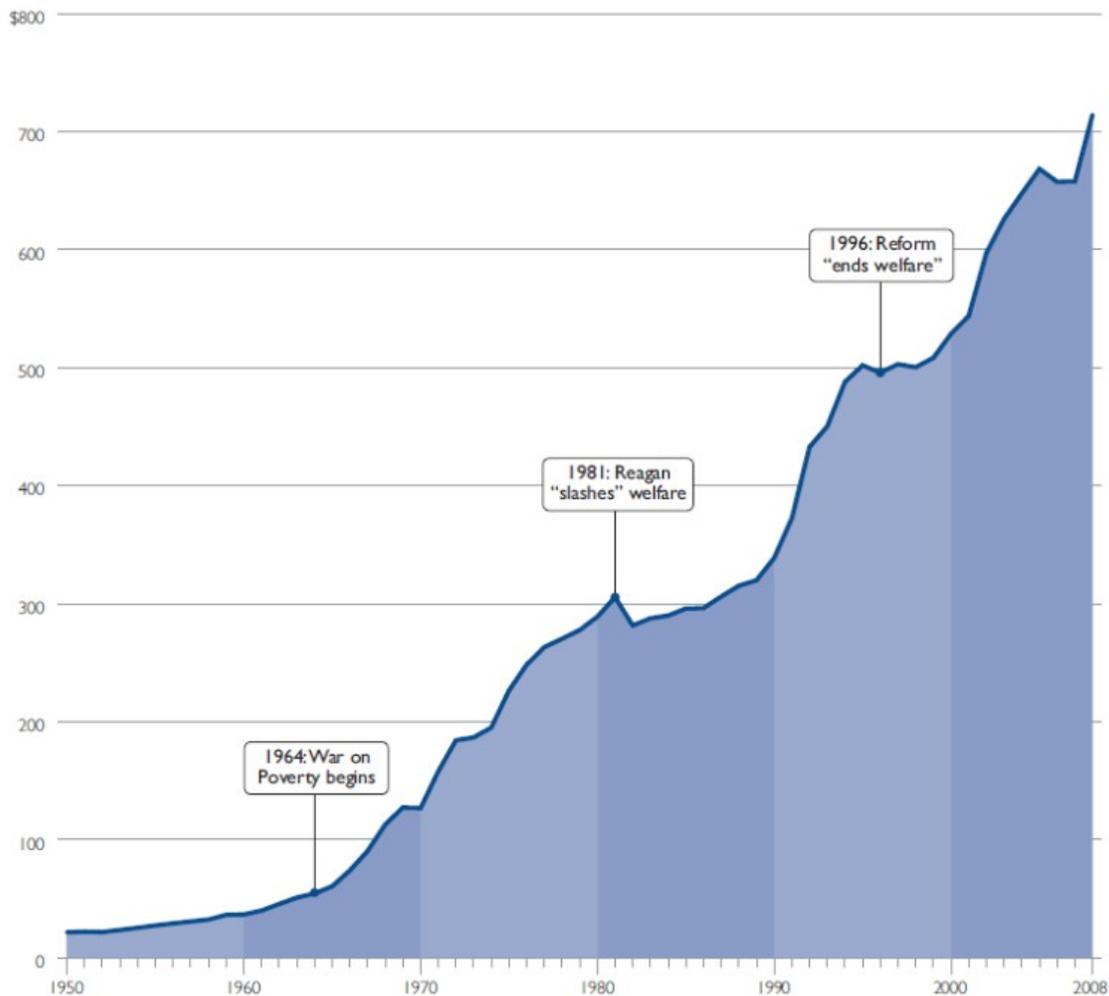
The **American Welfare State** was launched in 1933 with the election of FDR, but it was truly unleashed by LBJ's War on Poverty, in 1964. After 45 years of fighting this War, what is the outcome of this never-ending series of battles?

In 1964, before the War on Poverty was signed into law, this country spent **54.6 billion 2008 dollars** on means-tested welfare, but by 2008 spending had grown to **714 billion 2008 dollars**.

This means that in 1964 federal and state governments spent **\$284 per year, per American citizen**, on means-tested welfare, but by 2008 spending had multiplied almost 10 times to **\$2,367 per year, per American citizen**, as measured in 2008 dollars.

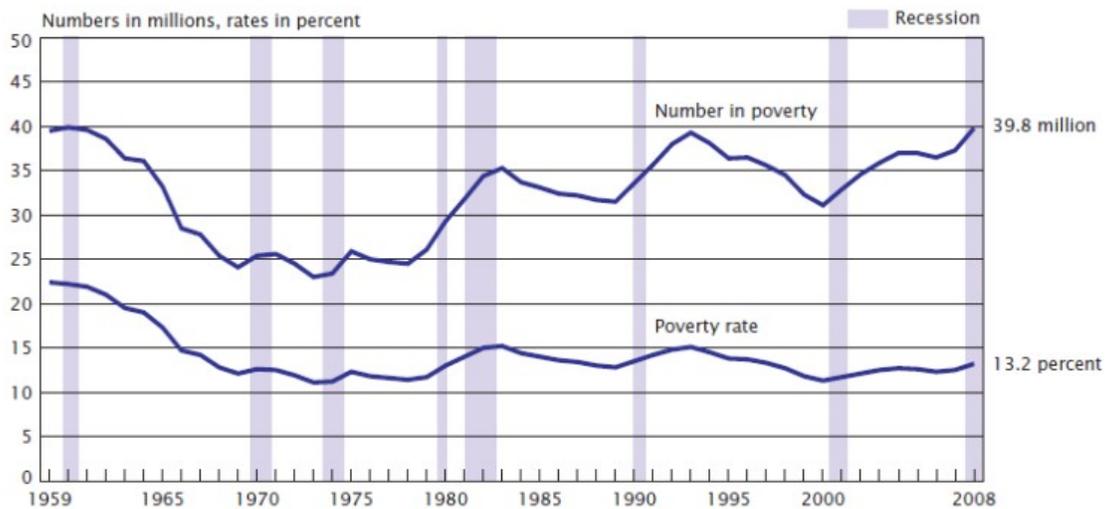
## History of Total Welfare Spending

Spending in Billions of 2008 Dollars



In 1959 the U.S. poverty rate was 22.4%, but it had declined to 17.3% by 1965 primarily due to the dramatic economic expansion of those times. From 1965 to 2008 total spending by federal and state governments on means-tested welfare was nearly **16 trillion 2008 dollars!** What was the net benefit of all of this spending? By 2008, the poverty rate had **only declined from 17.3% to 13.2%**. <http://www.census.gov/prod/2009pubs/p60-236.pdf> see Table B-1

Figure 3.  
**Number in Poverty and Poverty Rate: 1959 to 2008**



Note: The data points are placed at the midpoints of the respective years.  
 Source: U.S. Census Bureau, Current Population Survey, 1960 to 2009 Annual Social and Economic Supplements.

Why has the War on Poverty produced such disappointing results? One of the primary reasons is the philosophy of the people who have been conducting this so-called war.

*“Columbia University’s Frances Fox Piven and Richard Cloward gained an influential following among policymakers by arguing that an unjust and racist nation owed massive government aid to the poor and mostly minority residents of struggling cities. Further, to compel those residents to work in exchange for help, or even to make them attend programs that might boost self-reliance, was to violate their civil liberties.”*

[http://www.city-journal.org/2008/18\\_4\\_war\\_on\\_poverty.html](http://www.city-journal.org/2008/18_4_war_on_poverty.html)

Piven and Cloward made it very clear that *“the ultimate objective of this strategy (is) to wipe out poverty by establishing a guaranteed annual income (via) the outright redistribution of income.”* Or as Karl Marx said, “From each according to his ability, to each according to his needs”.

See: Cloward, Richard; Piven, Frances (May 2, 1966). "The Weight of the Poor: A Strategy to End Poverty". New York: The Nation. p. 512.

See: Karl Marx, “Critique of the Gotha Program” May 1875.

“The War on Poverty, motivated by such toxic ideas, transformed welfare from temporary assistance into a lifelong stipend with few strings attached. As everyone knows, welfare rolls skyrocketed, increasing 125 percent from 1965 to 1970 alone, and an entrenched generational underclass of poor families emerged. Typically, they lived in dysfunctional public housing projects—many of them built as another battle in the War—that radiated blight to surrounding neighborhoods.” [http://www.city-journal.org/2008/18\\_4\\_war\\_on\\_poverty.html](http://www.city-journal.org/2008/18_4_war_on_poverty.html)

Study after study has shown that the primary causes of poverty are out-of-wedlock birth and lack of parental work. In 1964, 7% of American children were born out of wedlock; by 2008 it was 39%! As spending on means-tested welfare grew almost 10 to 1; out-of-wedlock birth climbed almost 6 to 1. Clearly the guarantee of support for unmarried women allowed them to substitute the government for a husband, which helped to make this problem even worse!

For a variety of reasons, the average poor family with children only does the equivalent of 16 hours of work per week. This stands in marked contrast to poor immigrants who often work 2 or 3 jobs to pull themselves up into the middle class.

The Poverty Industry made up of the bureaucrats, consultants, and politicians, who directly benefit from the existence of the Welfare State, do everything in their power to make it unacceptable to discuss the real causes of poverty in an effort to make sure that their gravy train continues to roll. Any proposals to actually improve the problems of out-of-wedlock birth and lack of sufficient work are attacked as “blaming the victim”.

By doing this, the Poverty Industry has trapped generations of Americans into a lifetime of helpless dependency which allows them to argue that we have no choice but to maintain and expand the Welfare State, because the poor are now so helpless that they would perish without it. By definition, the solution to a problem can not be the cause of the problem; but this is exactly the solution proposed by the advocates for the Welfare State.

Will no one save the poor from the self-interests of the Poverty Industry?

The War on Poverty also allowed many mayors to begin viewing their cities as permanently weak and sickly clients of the federal government instead of dynamic economic engines that could generate the wealth to improve their social problems. The actions and plans of the Galveston Housing Authority certainly seem to confirm that our local leadership is looking to Washington to keep Galveston on permanent life support, rather than setting an agenda that can truly improve the whole City.

The [Galveston Housing Authority](#) was formed on [08 April 1940](#), during the heady days of the New Deal when the True Believers preached the philosophy that taking money away from those who had earned it, and giving to those who had not, was the fool-proof formula for a never-ending social Utopia. If anyone dares ask why the redistribution of income has caused a national decline, rather than producing an American Shangri-La, the answer is that the \$16 trillion, that has already been taken and given to the poor, has simply not been generous enough.

In the area of housing, the idea was simple; it was better for low-income people to live in properties owned, controlled, and subsidized by the government than to live in privately owned properties that they paid for themselves. This new formula would give them a hand up and out of poverty.

*“In this conception—articulated by Catherine Bauer in her influential 1936 “Modern Housing” and embraced by President Franklin D. Roosevelt in the National Housing Act of 1937—public housing authorities were to run apartment buildings as permanent public utilities, with publicly financed construction keeping rents low.*

*It's hard to exaggerate how mistaken this idea was, even when Bauer and other advocates first formulated it. [From the end of the Civil War until 1937, private builders had erected a dizzying variety of housing for the striving poor as they improved their condition over time.](#)”*

## [How Charlotte is Revolutionizing Public Housing](#)

This year marks the 69th anniversary of the GHA, so it may be time to actually ask the question; what is its mission, and has it been successful? Does the GHA define success as using their housing projects as place of transition to assist families in moving into a self-sufficient life in the private sector, or do they define success as taking care of the same families, in the projects, generation after generation?

There is no question that the success of GHA clients lies on the path of self-sufficiency, but is the GHA actually pursuing a very different agenda, because success for its clients would put it out of business?

Here's what [Star Parker](#) has to say about public housing in her book [Back on Uncle Sam's Plantation](#):



*"A benevolent Uncle Sam welcomed mostly poor black Americans onto the government plantation. Those who accepted the invitation switched mindsets from **"How do I take care of myself?"** to **"What do I have to do to stay on the plantation?"**"*

*Instead of solving economic problems, government welfare socialism **created monstrous moral and spiritual problems** -- the kind of problems that are inevitable when individuals turn responsibility for their lives over to others.*

*The legacy of American socialism is our blighted inner cities, dysfunctional inner city schools, and broken black families.*

*I thought we were on the road to moving socialism out of our*

*poor black communities and replacing it with wealth-producing American capitalism. But, incredibly, we are going in the opposite direction.*

*Trillions of dollars later, black poverty is the same. But black families are not, with triple the incidence of single-parent homes and out-of-wedlock births."*

Often, when the failures of housing projects are discussed and debated, public-housing advocates attempt to appease their critics by saying that their new strategy is to disperse their clients throughout the cities using subsidized mixed-income projects, more Section 8 vouchers, and other similar schemes. What they do not acknowledge is that this strategy has already been tried, and has also failed.

[Dr. Thomas Sowell](#), has done some of the best work on the legacy of public housing:



*"Among the most unconscionable attempts to unsort people who have sorted themselves out by behavior are government programs to relocate people into neighborhoods where they could not afford to live without subsidies. Often the people in those neighborhoods have sacrificed for years in order to be able to live where they could raise their children in decent surroundings and not have to live in fear of hoodlums -- only to have the government import the bad neighbors and hoodlums they have tried so hard to escape.*

*Both kinds of people may be of the same race but that does not make the consequences any less painful or the resentments any less bitter. Blacks as well as whites have objected to having*

*problem people thrust into their midst through housing subsidies or government housing projects being built in their neighborhoods.*

*Almost never do the social experimenters relocate dysfunctional and dangerous people into their own elite neighborhoods. They unsort other people's neighborhoods and embitter other people's lives." [The New White Flight](#)*

Last year, the U.S. Conference of Mayors called for an increase in HOPE VI funding as a way of getting welfare families to stop thinking of public housing as a permanent entitlement.

*"The HOPE VI program, launched in the early nineties, got cities to replace large projects with smaller communities where the subsidized poor would live among those who could afford market-rate housing. The hope was that the values of those earning their way in life would somehow rub off on the recipients of housing subsidies, and that they would then move up and out. **But because the program imposed no actual requirements on the poor, the effort failed.** Research has shown that in cities like Memphis, where the poor have been dispersed to middle-class neighborhoods, crime is rising."*

[http://www.city-journal.org/2008/18\\_4\\_war\\_on\\_poverty.html](http://www.city-journal.org/2008/18_4_war_on_poverty.html)

Without the proper oversight, it is no surprise that the GHA staff would be looking for new ways to maintain and increase their client base. We can not expect them, or the staff of any other housing authority, to pursue policies designed to reduce and eventually eliminate the need for their services, because this is how they make their living. That is why it is the responsibility of our local political leaders to be concerned with the best interests of the entire City, and not just give the GHA carte blanche.

There are a few cities with **courageous, bold, and visionary leadership** who are painfully aware of the legacy of the War on Poverty in general and public housing in particular. At great political risk, they have actually moved forward to demolish their existing housing projects, in order to break the cycle of dependency, to give their neighborhoods an opportunity for

revitalization, and to give their cities a better chance at economic growth.

Galveston is not blessed with such leadership, so no one would ever expect our City Council, or the local housing authority, to make the decision to demolish Galveston's public housing projects. However, Hurricane Ike did it for them, so they could have recognized it as the opportunity to rid the City of housing projects by simply refusing to rebuild our own failed legacy of the New Deal.

Unfortunately, our local leadership never fails to disappoint us. Instead of using this opportunity to rid the City of housing projects, and to begin reducing the Section 8 footprint on the Island, the GHA has come up with grandiose schemes to rebuild the projects "big and better than ever", to add hundreds more subsidized mixed-income units, to expand the number of Section 8 units, and to run ads seeking people who may want to relocate to Galveston as clients of the GHA.

**This is an agency that has run amok!**

Each of the GHA Commissioners was personally appointed to the Board, by the Mayor. After months of discussion about GHA's grand schemes of empire building, the Mayor recently said, "Now the agency must become a partner with the City to build houses for everyone who lives on the Island."

EVERYONE?

It is unclear exactly what the Mayor really meant by this, but it is crystal clear that she is in favor of a greatly expanded role and footprint for GHA in the life of this city. It is also clear that the Commissioners, and GHA staff, are following her lead. The Poverty Industry, made up of the special interest groups that benefit from the continuation of this failed policy, is lining up political support, while they seek to exclude the rest of the community, **which has to deal with the "side effects" of public housing programs**, from the process.

Many people in this city, probably a large majority, want to see a plan from our leaders that will reduce and eventually eliminate all public housing programs. We are in the process of rebuilding our damaged city, so we need a completely new strategy, not failed ideas from the past. We are here to say that we will not be pushed aside and eliminated from the planning and decision-making process by the special interests groups who profit from the business-as-usual of the Welfare State that has proven so damaging to our community.