

Compassionate Conservative or Cowboy Capitalist?

The president understands that opportunity is the best poverty program.

Whatever happened to compassionate conservatism? Despite the Bush administration's focus on the war against terror, the idea didn't disappear. But as White House thinking developed, it got incorporated into a larger, more profound domestic theory. Yes, we need a safety net, the current view seems to go; but we don't need a European-style welfare state. What's called for is the traditional American opportunity society, as much a boon to the poor as to everyone else.

Implicit in compassionate conservatism was an epochal paradigm shift that is now all but explicit. Taken together, compassionate conservatism's elements added up to a sweeping rejection of liberal orthodoxy about how to help the poor, which a half-century's worth of experience had discredited. If you want to help the poor, compassionate conservatives argued, liberate them from dependency through welfare reform, free their communities from criminal anarchy through activist policing, give them the education they need to succeed in a modern economy by holding their schools accountable, and let them enjoy the rewards of work by taxing their modest wages lightly or not at all. For the worst off—those hampered by addiction or alcohol or faulty socialization—let the government pay private organizations, especially religious ones, to help. Such people need a change of heart to solve their problems, the president himself deeply believed; and while a clergyman or a therapist might help them, a bureaucrat couldn't.

In fact, a welfare-department worker might do harm even beyond providing money to fuel self-destructive behavior. Rather than understanding that an inner transformation is what such a person needs, the welfare worker might well try to convince him that his plight stems from an unjust economy, which provides him insufficient opportunity, or even purposely keeps a fraction of the population unemployed, so as to hold down the wages of those who are working. His problem thus is the result of vast, impersonal forces of which he is the victim (and doubly the victim if he is black in supposedly racist America). In other words—and this is the theory that undergirded the War on Poverty and has persisted to this day on the political Left, from Barbara Ehrenreich to John Edwards—capitalism is inherently defective and unjust, and therefore we need a welfare state to mitigate its harshness.

President Bush entered the White House with no patience for such a view, or for the psychological theory propounded by the War on Poverty's originators: that when technological change makes some workers' skills obsolete, they become so depressed, demoralized, and dysfunctional that they can't take advantage of opportunity when it does appear. What Bush understood was that the War on Poverty created its own form of depression, as women long dependent on welfare became so convinced of their own inferiority and incompetence that they could hardly present themselves without trembling and stammering at job interviews or conferences with their children's teachers. And as a far worse psychological consequence, the sense of victimization and of entitlement to government support that the War on Poverty fostered created a corrosive self-pity and resentment among the children of its beneficiaries, and among their children's children, for

generations. The self-pity led to drink and drugs; the resentment to crime and violence; and both together to a perpetuation of irresponsibility, dysfunction, and failure over the generations. The first-line antidote, in Bush's view, would be the intervention of a counselor, preferably faith-based.

But if there was a permanent class of poor, the cause was not a failure of capitalism but of the War on Poverty, which reinforced such self-defeating attitudes. Clearly, as the administration understood, American capitalism was a dynamo of job creation and opportunity. Bush's generation, after all, had seen the astonishing restructuring of U.S. industry in the 1980s, when, in response to foreign competition, companies slimmed down, boosted productivity and quality, and kept hold of their markets and prosperity; while their laid-off workers didn't permanently succumb to paralyzing depression but instead found—or created—new jobs. Moreover, as a Texan, Bush had seen waves of Mexican immigrants flooding in to take jobs no one previously knew existed—still more evidence that there was no crisis of opportunity—while in the cities, a new wave of immigrant-run greengroceries, nail salons, construction firms, and even commercial fish farms in Bronx basements gave the lie to the failure-of-capitalism theory. And on top of all that, the overwhelming success of the 1996 welfare-reform act, which became ever clearer during Bush's first term, utterly exploded the idea that the hard-core poor were not working because of a lack of jobs. Welfare mothers crowded into the workforce; the rolls dropped by roughly half. Not only were their children not freezing to death on the streets by the thousands, as even so wise an observer as the late Senator Moynihan had predicted they would, but in fact child poverty reached its lowest point ever three years after welfare reform. Lack of opportunity? Hardly.

The War on Poverty rests on the false premise that capitalism creates a permanent class of poor, and War on Poverty attitudes have a deeply harmful effect on those entrapped in America's current welfare state: so the second Bush term is bringing the War on Poverty—demonstrably a cataclysmic mistake—to an end. A glance at the administration's recent budget shows the ongoing dismantling of antipoverty programs: a sharp reduction in the Community Development Block Grant, the main conduit for funneling federal money to cities, whose failure and corruption Steven Malanga discusses on page 48; a reduction in HUD money for Section 8 subsidized housing vouchers, which abet the formation of dysfunctional single-parent families and destabilize struggling, respectable working-class neighborhoods, as Howard Husock has chronicled in these pages; and the shrinkage of ever-expanding Medicaid. Welfare is now temporary assistance in adversity, not a permanent way of life; and we can expect welfare reform's conditions to become even stricter when the 1996 act finally gets reauthorized. In the administration, a gestalt switch has occurred, so that what it once perceived as the background now stands out as the foreground: as White House director of strategic initiatives Peter Wehner puts it, "Government's default position should not be to view citizens as wards of the state, but rather as responsible and independent, self-sufficient and upright."

Supporters of the old paradigm are naturally apoplectic over such a transformation; and their outrage reveals just how sweeping a welfare state they really champion. As Georgetown law prof Peter Edelman, who resigned from the Clinton administration to protest the president's signing of the 1996 welfare reform, told columnist William Raspberry: "For virtually all of my adulthood, America has had

a bipartisan agreement that we ought to provide some basic framework of programs and policies that provide a safety net, not just for the poor but for a large portion of the American people who need help to manage.”

How large a portion? Well, figures Raspberry, “the lower third of the economy.” Think about that: nearly 100 million Americans as clients of the federal government. This is not temporary assistance but a European-style “social-democratic” (that is, socialist) welfare state. It is the political culture of America’s old cities, with their hordes of government-supported clients, employees, contractors, and retirees—a culture that has produced slow or negative job and population growth. And this is exactly what the Bush administration does not want.

The failure of the European model—explicitly based on the belief that free-market capitalism is dangerous and needs to be tied down with a thousand trammels like Gulliver—is one of the signal facts of our era, along with the failure of communism. In Europe, the idea that capitalism creates a permanently jobless class has become a self-fulfilling prophecy, as strict regulation and the high taxes needed to pay lavish welfare and unemployment benefits have resulted in half the U.S. rate of job creation, twice the rate of unemployment, and thus much less opportunity. The permanently unemployed, who often go straight from school to welfare, are more sullenly alienated than any Gauloise-smoking existentialist could ever have dreamed, and no wonder: for they have no social function, except to be kept, like gerbils. They lack not just the discipline of work but the self-realization and self-respect that come from doing something productive, even if the result is only to put bread on your family’s table.

Crime, hooliganism, and obscene drunkenness reign, on a scale that rivals the worst moments of the pre-reform American underclass—and that’s without even mentioning the related problems in Europe’s vast immigrant populations.

Meanwhile retirees, often young and vigorous, go off for government-funded visits to health spas or even—as in one notorious recent German case—live in Miami at taxpayer expense. Even if this were morally sustainable, it is not economically so, as even Gerhard Schröder has learned. But with so many voters on the dole, in one way or another, or employed by the government to administer the vast welfare-state apparatus, who knows whether reform or collapse will occur first?

It’s in this context that we should understand President Bush’s campaign for Social Security reform. It is part of the large and coherent worldview that has evolved out of compassionate conservatism. What has always made America exceptional is limitless opportunity for everyone, at all levels—the chance to find a job, to advance up the ladder as you prove yourself, and to prosper. The poor especially have flocked to these shores for just this chance, and have proved the promise true. A giant welfare state—whether its clients are the poor, the “lower third of the economy,” or a cohort of government-pensioned retirees who almost outnumber the taxpaying workers who support them—hampers the job creation that makes all this opportunity possible. Bush is determined to keep the dynamism vibrant and to encourage and empower the poor to take part in it, rather than to suggest that they are unequal to the task.

The Europeans call this “cowboy capitalism.” If so, then yee-ha!

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