

The right ideas for fighting poverty

By Tamar Jacoby, February 17, 2014



Chalk it up to the polarized times we live in – another sign of just how bad things have gotten. The past few weeks have seen a dazzling burst of intellectual activity and new ideas on the right: Republican elected officials, think tanks, journals, and columnists exploding with fresh thinking about poverty and inequality. But the ferment has been greeted mostly with derision – dismissed as just so much political posturing and jockeying for electoral advantage.

Among the charges being leveled: that the GOP proposals are disingenuous. That Republicans don't really care about poor people. That there's no way to reconcile an assault on poverty with the party's commitment to fiscal austerity. As one critic put it, "Republicans aren't really having a policy discussion. . . . They're having a messaging discussion." So there's no point in talking – no need for Democrats to engage in any serious way.

How wrong that is – what a lost opportunity. Together, the new Republican voices have a lot to say, most significantly about the proper role of government in battling disadvantage and stalled mobility. And this fresh thinking should be sparking conversation, between and within both parties, about a new, improved, 21st-century war on poverty.

Democrats dismissing the new GOP thinking fall back on a lazy stereotype: a caricature of Republicans as implacable enemies of government. Fair enough, left and right disagree about the role of government. And in the past, some Republicans have shrugged off

concerns about poverty by arguing that all we need to do is get government out of the way – that the problem will then take care of itself as the dynamism of the free market kicks in.

But that's not the case today's new thinkers are making. Senators Mike Lee and Marco Rubio, congressmen Paul Ryan and Eric Cantor, Virginia Senate candidate Ed Gillespie, and others calling for a Republican assault on poverty: All agree on a basic paradox.

Yes, in their view, government run amok is part of the problem – too much government, bloated federal spending, government penalties for marriage, government penalties for work, government crowding out community, government crowding out the dynamism of the market, government-driven dependency, and more.

But the new thinkers' solution isn't no government. Senator Lee put it well in a speech at the Heritage Foundation last fall: "Just as we cannot spend our way out of poverty, we cannot really cut our way out either."

What needs rethinking is how we use government – and the short answer is much more strategically.

In the new thinkers' view, the traditional Democratic approach to poverty tried to do both too little and too much with government.

The Republicans' critique – and the alternatives they propose – rest on four basic premises.

First, the War on Poverty's biggest mistake was not aiming high enough. Welfare, food stamps, Medicaid, the minimum wage: All treat the symptoms of poverty rather than the causes. The government spends cash, or requires employers to, to help poor families live a little more comfortably – with more to eat, better housing, better medical care. But this approach does nothing to help people escape poverty.

In the new Republican view, this gets it exactly backward. The proper goal of an assault on poverty isn't helping people cope on a low income – the proper goal is upward mobility. None of the Republicans who have spoken out in recent weeks would eliminate the federal safety net, but all believe it's possible to dramatically shrink the number of Americans who rely on it, giving poor people the means to better their lives. This won't be easy – the roots of poverty run deep. But one place to start is with a job. According to the Census Bureau, in 2011, 32.9 percent of Americans who had not worked a full week all year were living in poverty. Among full-time, year-round workers, the poverty rate was a negligible 2.8 percent.

Second, accordingly, all the Republicans offering up ideas believe a new war on poverty should be structured around incentives to work. The GOP approach starts with sound fiscal and monetary policy to grow the economy and create jobs, while resisting misguided ideas, like raising the minimum wage, that would kill jobs for low-income workers. But the new thinking recognizes that this is not enough. We also need to draw the nonworking poor back into the world of work and onto the first rungs of the job ladder.

Among the proposals on the table to get people back to work: government programs that treat the working poor differently from those who aren't working; stronger work requirements for people receiving benefits; benefits that taper off gradually as individuals get jobs and start earning, rather than stopping abruptly and so discouraging work; refined low-income tax credits that refund more as workers earn more; federal loans to help poor

people relocate where jobs are more plentiful; even cash bonuses for the long-term unemployed when they go back to work.

Bottom line: Instead of cash payments and in-kind benefits that shore up poor families year in and year out, well-designed incentives can deliver more for less, as government spends wisely to trigger a pivotal change in people's lives. This isn't just about saving money – although it would save money, and surely that matters. It's about how to make a difference in the way poor families live.

The third premise behind the new thinking is that those closest to the problem know best how to remedy it, and government money should follow their choices, not try to impose a one-size-fits-all answer from Washington. This is the principle behind school choice, the nation's most effective antipoverty strategy, and the new conservative thinkers would extend the concept to other realms. Senator Rubio proposes to send all antipoverty funding back to the states to disburse as they see fit. Senator Lee wants federal education dollars to follow students – who could spend the money for college, if they feel that's the best route for them, or for other options like online learning, apprenticeships, or certification exams. Still other proposals would give poor people vouchers to pay for housing and education of their own choosing. What these ideas have in common: experimentation, flexibility, competition among service providers, and support for solutions that actually work on the ground.

The new thinkers' final premise: We should measure outcomes and reward success, spending most on the programs, whoever runs them, that help the largest number of people escape poverty. It's an obvious idea, long overdue, and it could take many forms. Federal policy should evaluate state efforts and reward the most successful. States should measure and reward effective local initiatives. And government at all levels should provide appraisals that help poor families become more informed consumers, making choices and spending the aid they receive on programs that will work for them.

The liberal critics aren't wrong: GOP thinkers are deeply skeptical of government. And whenever possible, Republicans do want to limit its reach so that the far more potent forces of civil society and the free enterprise system can kick in to lift Americans out of poverty. But the new thinkers all recognize that government can and must help. The answer isn't just less government – it's also better government.

Tamar Jacoby, president of ImmigrationWorks USA, is working to launch a Washington policy shop advancing a center-right agenda on opportunity and social mobility.