

Manhattan Report

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Welfare Reform Debated At London Conference

Long considered models for American efforts, British and other European social welfare programs are now coming under increasing fire. As in America, critics in Britain have argued that programs intended to eliminate, have instead perpetuated, dependency and social pathology among the poor. At the Institute's recent *London Conference on Social Welfare Policy*, four American analysts discussed recent U.S. reform proposals which might also be adopted in Britain to help avoid developing a large poverty "underclass." Co-sponsored with London's Centre for Policy Studies, the conference drew more than 50 British social scientists, journalists, and policymakers for a vigorous discussion of what session chairman Kenneth Minogue of the London School of Economics called "similar problems in separate cultures."

Richard Nathan sounded the main theme by noting that recent state experiments with "workfare" reflect new welfare views: "Money is not the answer," he said. "We are now looking much harder at the capability of bureaucracies to mount effective programs for people to acquire the skills enabling them to move into the workforce and become self-supporting." Glenn Loury, following, urged greater emphasis on the goal of self-reliance. He said welfare policy must give a "moral signal" to recipients: "It is proper to insist that reasonable obligations be placed upon those in need, consistent with our expectations for the behavior of all citizens."

Less optimistic, Charles Murray noted the "built-in paradox of trying to help people—a system which gives things to people automatically undermines their ability to earn them. The reason workfare is going to fail is that the jobs are not going to be treated as real jobs. Exceptions to the workfare programs will grow and grow." He called for changes to allow low-income people to "use non-monetary



David Willetts, Centre for Policy Studies, Richard Nathan, Princeton University, Peter Lilley, Member of Parliament, and Kenneth Minogue, London School of Economics, at the London Welfare Conference

assets to improve their quality of life" and for targeting assistance to the relatively more deserving poor.

Lawrence Mead argued, "A British version of workfare should focus on re-

establishing social relationships: Get people back to work; cement connections among workers and employers; and restore the concept of common effort."

The *London Times* and the *Sunday Times* published post-conference editorial endorsements of workfare. Joe Rogaly of the *Financial Times*, who attended, wrote, "Britain should stop being namby-pamby about workfare . . . [W]e are already halfway there and I bet a year's dole at evens that the other half will be traversed if the Conservatives win the election." And on April 23, opposition leader Neil Kinnock pressed Prime Minister Thatcher to reveal her stance. She answered: "Young people have the chance of education, training, or in many cases a job. They may choose to refuse but it is not the Government to whom they then look to pay them. Any benefit they then get is found by working people, and many of us think that they are not entitled to call upon their neighbors to keep them under these circumstances." □

Speakers

Glenn Loury, *Professor of Political Economy, Kennedy School of Government, Harvard University*

Lawrence Mead, *Professor of Politics, New York University and author, Beyond Entitlement*

Charles Murray, *author, Losing Ground*
Richard Nathan, *Professor of Public and International Affairs, Woodrow Wilson School, Princeton University and Chairman, Manpower Demonstration Research Corp.*

Kenneth Minogue (chairman), *Professor of Political Science, London School of Economics*

Elizabeth Wright's "Issues & Views"

Among the means by which ideas become policy, Elizabeth Wright's newsletter *Issues & Views* offers an intriguing example of how one woman's hard work and determination can help to change ways people think about crucial subjects.

Wright, a paralegal living in Harlem, read a 1977 *New York Times Magazine* article by Thomas Sowell, one of a small but influential group of black economists whose work challenges mainstream thinking on racial and economic issues. Intrigued, she researched the topics raised by Sowell further and eventually decided to start a newsletter to disseminate these alternative ideas to the black community nationwide. But untutored in grantsmanship and lacking a track record, offering only initiative and ambition, she found funding the project difficult.

The Manhattan Institute, seeing her project's potential, agreed to contact a select group of innovative philanthropists—and ask them to take a chance on Wright, to provide her with intellectual seed money. This effort paid off as several grants sufficient to cover her first-year budget of \$25,000 arrived.

Wright was surprised at the caliber of donors who felt *Issues & Views* worthy of support: Phillip Anschutz, Shelby Cullom



Elizabeth Wright, *Issues & Views*

Davis, John Klingenstein, Robert Kriebel, Roger Milliken, Richard Scaife, and Charles Wohlstetter. Encouraged by their backing, she launched her publication, which is now distributed at black churches, schools, and community centers across the country, reaching a wide readership. Its articles have been reprinted in a number of black-owned newspapers. "Clearly, we've found an unserved market," says Wright. "*Issues & Views* is the first publication of its kind."

"I send the newsletter to whoever asks for it, whether they can pay or not. The volume of mail I receive in return is amazing," she says. "And it's also encouraging to see the black media beginning to pick up the themes we're stressing. They're becoming aware that black community opinion isn't homogenous, that not everyone wants more government aid, and that our economic success can be achieved through the same strategies which have served other minority groups." □

Subscriptions to *Issues & Views* are \$8: Write P.O. Box 467, New York, NY 10025.

NY Project Activities

The 1987 agenda of the *Project on New York's Economic Future* emphasizes state and city fiscal policy, housing issues, and political reform:

Rent Control Forum

The Albany Forum on Rent Control and New York's Housing Crisis brought four leading experts on housing to address more than 60 guests, including key New York State legislators. Held in the Capitol and moderated by *New York Times* editorial board member and former New York City Housing Commissioner Roger Starr, the session culminated in a call for decontrolling vacant apartments' rents as a first step towards a more market-based housing system.

Corruption, Homeless Roundtables

The first two in a series of New York City Critical Issues Roundtables were held under a grant from the Gannett Foundation.

Eight journalists discussed the press response to city corruption problems: Jack Newfield, *Village Voice*; Roger Starr and Michael Oreskes, *The New York*



Roundtable on Corruption and the Press: Nathan Glazer, Harvard University (chairman, left foreground), Ken Auletta and Robert Laird, *Daily News*, Nicholas Pileggi, *New York magazine*, and Josh Friedman, *New York Newsday*

Times; Fred Dicker, *New York Post*; Ken Auletta and Robert Laird, *Daily News*; Nicholas Pileggi, *New York magazine*; and Josh Friedman, *New York Newsday*. An earlier Roundtable focused on homelessness. Both sessions were chaired by Harvard sociologist Nathan Glazer.

Newsletter

The first issue of the Project's newsletter was published and distributed to 15,000 New Yorkers. In addition, articles based on Project research have been published in *The New York Times*, *New York Newsday*, and other state newspapers. □

Manhattan Forums

Eight Manhattan Forums held during the first half of 1987 dealt with issues ranging from education reform to growth strategies for Latin America:

A Conflict of Visions

Thomas Sowell

Chairman, Charles Murray

February 3, 1987

Economist Thomas Sowell, author of 13 books on economics and social policy, discussed his latest book *A Conflict of Visions*, a study of competing philosophical outlooks underlying most current political controversies. Before an audience of more than 150, he outlined differences between the "constrained" and "unconstrained" visions as they affect such concepts as equality, social justice, economic progress, and war and peace.

"Basic assumptions about human nature separate people who have different political and ideological visions of the world," said Sowell. The belief in man's imperfectibility, for example, central to the constrained vision, moved the framers of the Constitution to craft a system of checks and balances, a sharp contrast to the government born of the French Revolution, inspired by the unconstrained vision. And since adherents of both visions can be found among modern intellectuals, he said, partisans on a whole range of issues will continue to split along predictable lines.

Why Economics?

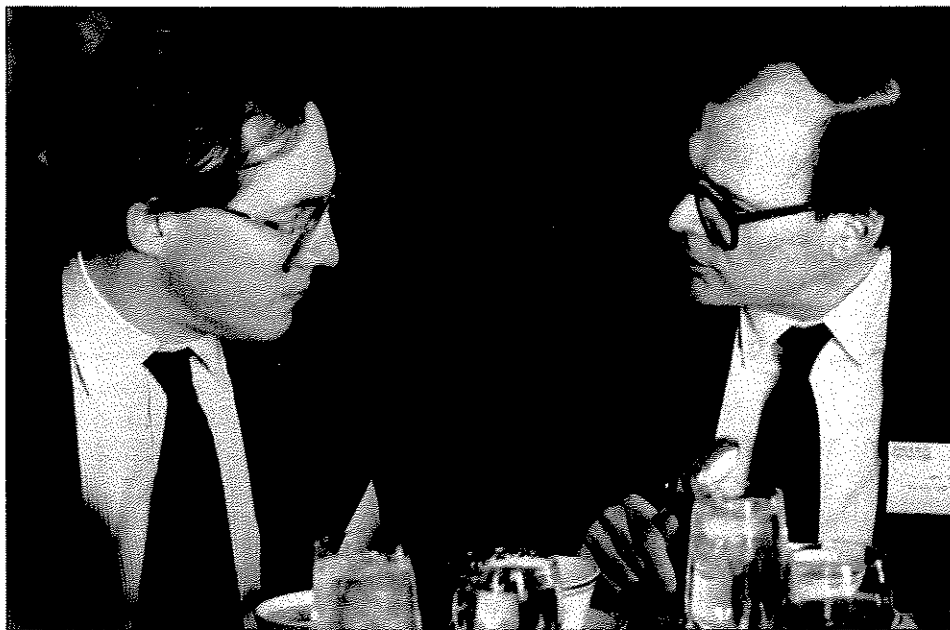
Susan Lee

Chairman, Robert Bartley

April 1, 1987

Susan Lee, senior editor of *Forbes* and economics commentator on ABC's *Good Morning America*, explained some of the deeper mysteries of the dismal science at a book luncheon attended by 45. Introduced by Robert Bartley, editor of *The Wall Street Journal*, she highlighted a number of basic but often misunderstood concepts set out in *Susan Lee's ABZ's of Economics*.

Among the guests were John Fund, Tim Ferguson, Manuela Hoelterhoff, and Tim Metz, *The Wall Street Journal*, Jean Briggs, Christine Brown, James Cook, Jerry Flint, Lawrence Minard, and Gretchen Morgenson, *Forbes*, Marion Asnes, *Vogue*, Bruce Bartlett, Heritage Foundation, and former Reagan speechwriter Aram Bakshian.



Lawrence Minard, Forbes, and James Chace, New York Times Book Review

A Requiem for Macroeconomics

David Howell

Chairman, George Gilder

April 23, 1987

"All the forces of modern economic change are undermining the old, stale shibboleths and doctrines of the world's central planners," said Member of the British House of Commons David Howell to a dinner audience of 20. Introduced by George Gilder, author of *Wealth and Poverty*, Howell argued that due to a new global financial and information regime, macroeconomic manipulation of national economies is totally discredited.

Howell, author of several books on economic issues and a former Minister for Energy and for Transportation, praised the Thatcher agenda of decentralization and deregulation, an alternative to "passive and simple Keynesian ideas." Nearly two hours of questions followed, with Irving Kristol of *The Public Interest*, investors Richard Gilder Jr., George Soros, and Robert Wilson, investment counselor John Train, Erwin Glikes of *The Free Press*, and others debating fiscal and trade issues.

Public and Private High Schools: The Impact of Communities

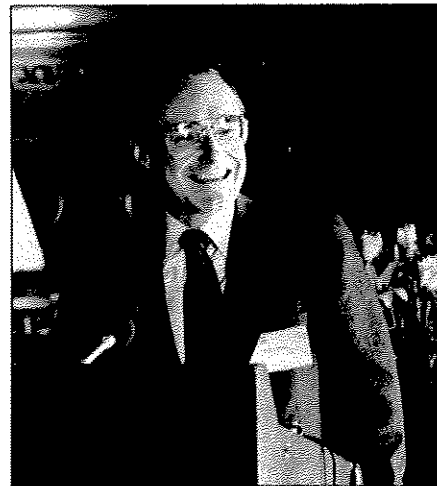
James Coleman

Chairman, Charles Murray

May 13, 1987

James Coleman, University of Chicago sociologist and author of several land-

mark studies of American education, discussed his latest book (co-authored with Thomas Hoffer), *Public and Private High Schools: The Impact of Communities*. Results of a comprehensive survey of 1,015 high schools—among them the fact that Catholic schools are uniquely equipped to educate disadvantaged students—were outlined before an audience of 70 teachers, administrators, education writers, and foundation officials.



Robert Bartley, The Wall Street Journal

With completion of high school recognized as an important step in breaking the inner-city poverty cycle, the study's findings highlight the importance of a school's role as "agent of the family," a necessary complement to its role as "agent of the state," Coleman said. He suggested that non-public schools' relative superiority stems from a better mix of these two roles.

**Development in Latin America:
A New Perspective**

Hernando de Soto
Chairman, José Sorzano
May 20, 1987

“We have business enterprise in Latin America, but we still don’t have the legal and regulatory conditions under which enterprise can prosper,” said Peruvian economist Hernando de Soto, calling for an end to the state-dominated “mercantilism” hampering Peruvian growth. He advocated business structures and property rights “suited to the needs of entrepreneurs, not governments.”

Introduced by José Sorzano, National Security Council senior director for Latin American affairs, de Soto discussed his best-selling *El Otro Sendero (The Other Path)*, outlining a market-oriented economic development strategy. More than 60 attended, including U.N. personnel from Chile, Mexico, Colombia, Nicaragua, and China in addition to journalists, economists, and business experts on debt and development.

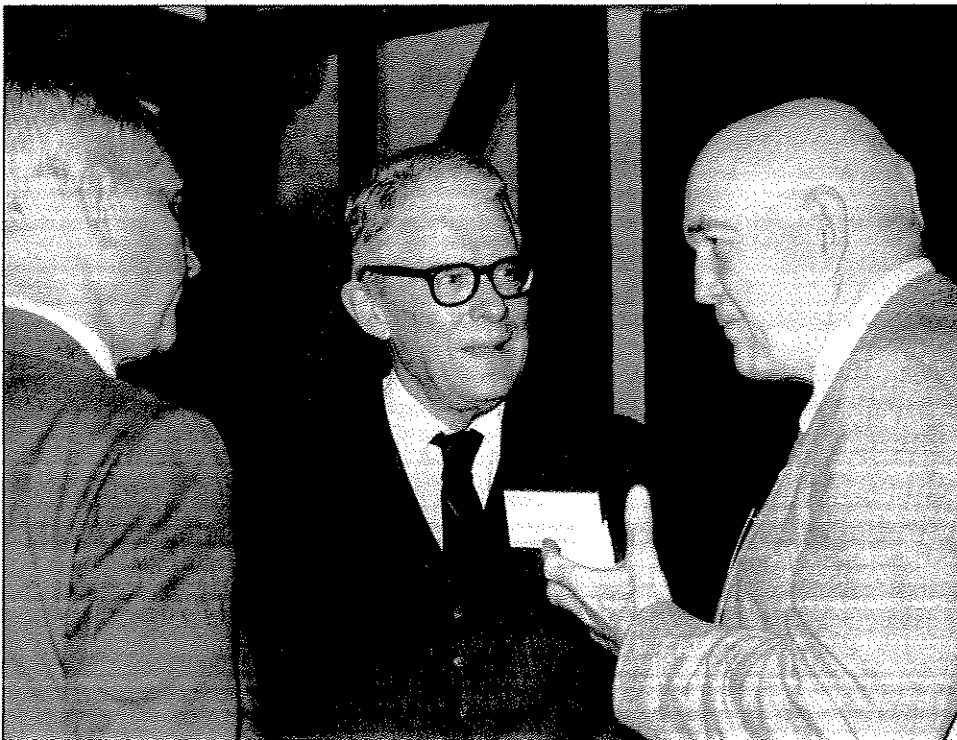
“With the right institutions, Latin Americans are ready to go,” said de Soto. “Economic reforms can come from the bottom up rather than the top down. The current debt crisis is a very strong stimulant for change. Right now the obstacles are immense, but there is a big constituency for the kinds of change that lead to growth.”



Latin America Forum (left to right): José Sorzano, National Security Council, David Asman and John Fund, The Wall Street Journal, and Walter Olson, Manhattan Institute



Roger Willson, Rockefeller Family & Associates, and Charlayne Hunter-Gault, MacNeil/Lehrer NewsHour



Thomas Collins, Procter & Gamble, Lovett Peters, Lovett C. Peters Associates, and James Coleman, University of Chicago

Reopening the Social Policy Dialogue

Glenn Loury
Chairman, Alston Chase
June 3, 1987

“There has been extensive suppression of critical voices within the black community,” argued Glenn Loury before more than 100 guests. Loury, professor of political economy at Harvard’s Kennedy School of Government and author of the forthcoming *Free At Last? Racial Advocacy in the Post-Civil Rights Era*, said that such “discourse truncation” leads to certain issues escaping debate. Scholars such as Thomas Sowell and William Julius Wilson, along with politicians such as Michigan gubernatorial candidate William Lucas, he said, have met with ostracism after challenging mainstream views.

In the ensuing discussion, Loury urged expanded private-sector efforts to deal with problems of the underclass which government has “failed effectively to address.”

The Taxpayers' Bill of Rights

Gerald Portney, David Pryor,
Jack Warren Wade Jr.

Chairman, C. Lowell Harriss
June 29, 1987

Citing widespread mistreatment of taxpayers, former IRS staffers Gerald Portney and Jack Wade joined Senator David Pryor (D-Ark.) in urging passage of a "Taxpayers' Bill of Rights." Exemplified by S. 604, sponsored by Pryor, such legislation would prevent IRS use of coercive collection tactics and establish procedural safeguards. Panelists offered stories of IRS bullying and blamed problems on local bureaucracies unresponsive to central-office direction and relying on asset seizure as "the main element in promotions."

Jack Wade, author of three books on the IRS since leaving the agency, and Peat Marwick tax consultant Gerald Portney critiqued IRS management of "taxpayer relations" and described how the proposed reforms would affect the agency.

Trade, Technology, and Finance: The Role of Government in a Global Economy

Session I: Robert Crandall,
John Culbertson, Charles Ferguson,
George Gilder
Chairman, Walter Wriston

Session II: Allan Meltzer, George Soros
Chairman, Barton Biggs
July 13, 1987

Trade policy and its impact on high-tech industries were debated by four noted speakers at a Manhattan Forum on emerging policy issues in the global economy. Sharp disagreements emerged among the University of Wisconsin's John Culbertson, Robert Crandall of the Brookings Institution, author George Gilder, and Charles Ferguson, MIT, on such questions as corporate restructuring initiatives, the effects of lost markets in high technology, and the reasons for Japan's trade boom.

At a second session, 70 guests heard investment manager George Soros, author of *The Alchemy of Finance*, debate Carnegie-Mellon University economist Allan Meltzer on foreign debt and capital markets issues. The exchange focused on a new theory of "reflexivity" outlined in Soros's book and a dispute over its application to international debt and exchange-rate policies. □



Joseph Perkins, The Wall Street Journal, Donald Wycliff, The New York Times, and Lee Guittar, Hearst Publications



George Soros (center) discusses his *The Alchemy of Finance* as George Gilder, Manhattan Institute (left), and Barton Biggs, Morgan Stanley & Co. (right), look on

Civil Justice Project

The Institute's *Project on Civil Justice Reform* held four workshops in Chicago, Philadelphia, Seattle, and San Francisco, bringing together business executives and corporate counsels with Project fellows and legal scholars to discuss current legal liability trends and reform prospects.

Magazine articles by Senior Fellows Peter Huber and Walter Olson also have highlighted liability topics. In *Forbes*, Huber argued that current draconian liability doctrines may end in a complete strangulation of scientific innovation. In *Barron's*, Olson examined the scientific

evidence on the causes of cancer, arguing that the fear that environmental chemicals pose a widespread cancer risk is "vastly overblown," with lawyers exploiting unfounded anxieties about health threats to extract huge settlements from chemical firms.

Lastly, a November 10 conference at Columbia University, co-sponsored with the Academy of Political Science, will feature more than a dozen prominent academics in a wide-ranging discussion of the liability crisis. Their essays will be published next year in a *Political Science Quarterly* volume expected to receive wide distribution. □

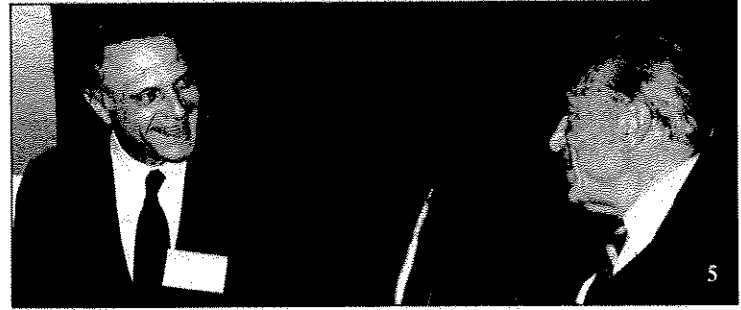
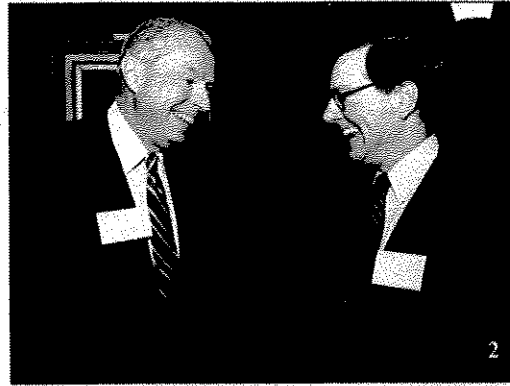
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MANHATTAN INSTITUTE

Discussing Public Policy...



From the Forums: 1. NYC Corruption Roundtable: Nicholas Pileggi, *New York* magazine. 2. Trade & Technology Forum: Walter Wriston and Malcolm S. Forbes Jr. 3. Glenn Loury Forum: Myron Magnet, *Fortune*, and Erwin Glikes, *The Free Press*. 4. Trade & Technology Forum: John Culbertson, University of Wisconsin, and Charles Ferguson, MIT. 5. Taxpayers' Bill of Rights: Senator David Pryor and C. Lowell Harriss, Academy of Political Science. 6. Susan Lee's *ABZ's of Economics*: Marion Asnes, *Vogue*, and Susan Lee, *Forbes*. 7. David Howell Dinner: Edwin Hoffman, Citibank, and Arthur Rogers, Morgan Guaranty Trust Co.



For information about the Manhattan Institute or to request transcripts, books, or other materials, contact Peter Cachion, Editor, *Manhattan Report*, 131 Spring Street, New York, NY 10012. (212) 219-0773.