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BLACKS, IMMIGRANTS, AND THE ROOTS OF POVERTY IN AMERICA

ANTHONY MONACO*

"Conquest of poverty is well within our means."¹ So heralded the Economic Report of the President in 1964. And for a brief time, the enthusiasm seemed well-founded. Between 1964 and 1968, the poverty rate declined from 19% to 13%.² Seventeen years later, however, much of the optimism has faded. In 1985, some thirty-five million Americans, 14% of the population, lived below the official poverty line.³ Many terms have been associated with the war on poverty since 1964. "Conquest" is most assuredly not among them.

Some suggest that the official poverty rate, while statistically accurate for one year, may exaggerate the extent of poverty in that it does not indicate the *duration* of poverty for any given individual or family.⁴ Some people suffer through relatively brief periods of financial hardship due to illness, temporary unemployment, or personal problems. As many as one quarter of the population experienced some poverty over the last ten years.⁵ At the same time, studies indicate that up to half of the persons who are poor in a given year will be above the poverty line the following year.⁶ These "marginal" poor are indicative of a fluidity in the poverty rate which makes rigid categorization troublesome.

There is nonetheless a mounting fear that poverty is becoming a permanent way of life for a growing number of Americans. Known collectively as the "underclass," these poor inhabit the nation's teeming urban ghettos.⁷ Their lifes-

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1. Gwarney & McCabell, *Have Anti-Poverty Programs Increased Poverty?*, 5 CATO J. 1, 2 (1985).

2. C. MURRAY, *LOSING GROUND* 245 (1984).

3. Chicago Tribune, Sept. 15, 1985, at 20, col. 5 (citing Census Bureau Figures).

4. See, e.g., Kondratas, *Poverty and Equity: Problems of Definition*, 9 INST. SOCIOECON. STUD. 37 (1985).

5. *Id.*

6. *Id.*

7. A Manpower Demonstration Research Corporation (MDRC) report concluded that "the nation faces few problems as formidable as the

types are characterized by repeated exposure to unemployment, violence, drug addiction and alcoholism, and fragmented or non-existent family life.⁸ Martin Anderson has put their number at twenty-five million.⁹ More conservative estimates range from five to ten million.¹⁰ Alarming, the underclass appears to be increasingly impervious to traditional values such as education, family responsibility, and upward mobility.¹¹ The ghetto poor may also be more prone to patterns of intergenerational poverty.¹² Up to 40% of AFDC recipients, for example, grew up in households which had received AFDC payments.¹³

If there has been any progress against poverty in the last twenty years, and arguably there has, it is due almost entirely to transfer payments which have lifted incomes to or above the poverty line.¹⁴ At first glance, one is inclined to ask: So

presence of a group of people, largely concentrated in its principal cities, who live at the margin of society." K. AULETTA, *THE UNDERCLASS* 25 (1982).

8. *Id.*

9. Chicago Tribune, *supra* note 3, at 20, col. 3.

10. University of Michigan researchers estimate that some five million people in the United States meet this description. *Id.*

11. Sociologist Marshall Clinard writes that, in urban ghettos, "there is a greater tolerance of deviant behavior, a higher delinquency and crime rate, and an ambivalence toward quasi-criminal activities committed against the 'outside' world." M. CLINARD, *SLUMS AND COMMUNITY DEVELOPMENT* 12 (1970). Auletta writes: "whatever the cause—whether it is the fault of the people themselves or of society, whether poverty is a cause or an effect—most students of poverty believe that the underclass suffers from *behavioral* as well as income deficiencies. The underclass usually operates outside the generally accepted boundaries of society." K. AULETTA, *supra* note 7, at 28.

12. Glicken, *Transgenerational Welfare Dependency*, J. CONTEMP. STUD. Summer 1981, at 31; Kilson, *Black Social Classes and Intergenerational Poverty*, PUB. INTEREST, Summer 1981, at 58, 62. Clinard writes: "[T]he slum has a culture of its own, and this culture is a way of life. This learned way of life is passed from generation to generation, with its own rationale, structure, and defense mechanisms" Clinard, *supra* note 11, at 11. *But see Poverty in the United States: Where Do We Stand Now?*, IRP FOCUS, Winter 1984, at 8.

13. Glicken, *supra* note 12, at 31-32.

14. According to the Institute for Research on Poverty: though progress has been made in raising the absolute standard of living of the poverty population, no equivalent progress is evident in their market incomes or their incomes relative to the remainder of the population. No marked reduction in earnings inequality or in family income inequality has occurred We conclude therefore that *government transfer policy has played the single most important role in reducing measured poverty.*" *Poverty in the United States: Where Do We Stand?*, IRP FOCUS, Winter 1981-82,

what? As long as persons are above the poverty line, what difference does it make how they get there? The fact is that *how* they get there may very well make all the difference. As we shall note in more detail later, millions of newly-arrived, destitute Americans improved their economic and social status by working themselves and their families out of poverty. In contrast, millions of Americans today are above the poverty line only because money has been transferred to them. The process is somewhat akin to giving every American a college diploma and declaring that we have achieved 100% literacy. These "latent" poor are not necessarily any more capable of providing for themselves or their families, and indeed run the risk of becoming increasingly less so.¹⁵ Yet, through some redistributive legerdemain, their poverty has been "eliminated."

This article will attempt, albeit in abbreviated form, to identify the elements which constitute what we might call the ascent from poverty. In addition, it will address the impact of welfare spending on this process. It is quixotic to suggest that any "solution" to poverty is imminent. The contemporary debate surrounding public policy approaches to poverty is disturbingly similar to that preceding the enactment of England's Poor Law in 1834, suggesting that there is little of novelty in the controversy.¹⁶ At the same time, identifying those elements which have enabled the poor to engage in patterns of upward mobility may, at the very least, provide some direction for future initiatives to assist the poor.

In this effort, this article will refer repeatedly to the black and immigrant experiences in America. Any inquiry into poverty in the United States addresses black poverty largely by default. That is not to suggest that the majority of

at 2.

15. See Murray's discussion of the latent poor. C. MURRAY, *supra* note 2, at 64.

16. Gertrude Himmelfarb, Professor of History at the City University of New York, observes:

it was this issue [demoralization of the poor] that Poor Law reformers tried to address. They were concerned that the demoralization and pauperization of the poor were a consequence of the 'indiscriminate' distribution of relief. It's true that they were also concerned about the excessive *amount* of relief being distributed, which was reflected in ever-rising expenditures on the poor rates. But they were much more concerned with the effect of the relief upon the poor.

A Roundtable Discussion, Part I: The Poverty Debate in 19th Century England, 5 MANHATTAN REP. ON ECON. POL'Y 3 (1985).

the poor are black. The white poor outnumber black poor two-to-one. *Proportionately*, however, blacks remain the poorest of all major ethnic and racial groups. Thirty-four percent of all blacks live below the poverty line, compared to 11% of whites and 28% of Hispanics.¹⁷ More disconcertingly, blacks also comprise the overwhelming majority of the "underclass," the most disenfranchised of the poor.¹⁸

Additionally, blacks are, in some way, the litmus test for government efforts to reduce poverty. Because blacks are proportionately among the poorest Americans, they are axiomatically more affected by government programs aimed at the poor. Some 46% of all black households and 80% of all *poor* black households receive some form of public assistance.¹⁹ Some 40% of all blacks between the ages of sixteen and twenty-four have been enrolled in a CETA program.²⁰ Whether by intention or purely by result, blacks, as a group, have become the disproportionate target of the government welfare effort.

In marked contrast to the immobility of the black poor, immigrants to the United States continue to demonstrate a remarkable capacity to assimilate and prosper. A detailed study by Barry Chiswick found that immigrants reach or surpass the national income average within thirteen to twenty years of their arrival.²¹ Ironically, some of the immigrants' economic success occurs in predominantly black neighborhoods. From New York to Los Angeles, newly-arrived immigrants have succeeded in opening or buying small businesses in black enclaves and have defied the expectations of failure which often paralyze such communities.²²

There is almost no defensible way to directly compare different ethnic or racial groups. Differences in history, culture, and economic or social conditions render such comparisons inutile at best, and at worst, provide unnecessary ammu-

17. Based on Figures released in August 1985. Chicago Tribune, *supra* note 3, at 20, col. 5.

18. G. DUNCAN, YEARS OF POVERTY, YEARS OF PLENTY 48 (1984).

19. E. FARLEY, BLACKS AND WHITES, CLOSING THE GAP 68 (1984).

20. C. MURRAY, *supra* note 2, at 71.

21. Chiswick, *The Effect of Americanization on the Earnings of Foreign-born Men*, 86 J. POL. ECON. 919 (1978).

22. In Houston, for example, Indochinese immigrants own or operate 24-hour convenience stores in predominantly black neighborhoods. In New York City, many small businesses in black areas have been taken over by Asian immigrants. In Miami, the average income of Cuban and other Hispanic businesses is twice that of black businesses. TIME, Jul. 8, 1985, at 56-57.

nition for pejorative ethnic or racial stereotypes. It is, therefore, not my purpose to judge the merits of a given ethnic or racial group through invidious comparisons with others. Rather, it is to discern how the poor of varying ethnic or racial backgrounds have reacted to their poverty in light of such historical, economic, or social shortcomings. What is relevant is not that one ethnic or racial group has made greater progress than another, but that certain factors are common and indeed critical to the success which these groups have had or *will* have, and that other factors, despite popular notions to the contrary, have not been as important.

There is a notable reticence about addressing the disparity between black and immigrant economic achievement. A sensitive racial climate doubtless checks efforts to assess the problem dispassionately. Yet, as this article hopes to suggest, the continuing disparity is owing not to race but to policy, and it merits disinterested analysis. In any event, tracing the sources of the divergence is essential to understanding both the roots of black poverty and the persistence of poverty as a broader social phenomenon.

I. BLACK POVERTY

As an initial observation, it bears noting that a large number of blacks are not poor. In 1980, some 1.4 million black families had incomes above \$25,000.²³ College educated black males now earn substantially the equivalent of their white counterparts.²⁴ College educated black women earn 122% of the income of similarly educated white women. The success, however, has been uneven. The most pressing economic concern of the black community, and perhaps of the nation, remains the millions of blacks who live below the poverty level, now more than one-third of all blacks.²⁵

Black poverty has been attributed to a number of factors, perhaps most recurringly to racism, to the economy, to a weak entrepreneurial history owing to the black experience with slavery, and to relative political impotence. It is nearly incontestable that each, to some degree, has slowed black economic progress. But how overwhelming are any of these factors in shaping the long-term fortunes of an entire racial or ethnic group?

23. C. MURRAY, *supra* note 2, at 54-55.

24. E. FARLEY, *supra* note 19, at 126.

25. *See supra* note 17.

A. *Racism*

The concern of this article is not whether racism exists, or whether it is undesirable. It doubtless persists, and it is clearly odious. It would be callous to understate the pain of individuals victimized by hatred and ignorance solely because of race or sex or creed. The relevant inquiry here, however, is the impact which racism might have on the economic ascendancy of an entire racial or ethnic group over an extended period of time.

Some might argue that the perspective is skewed and that the inquiry should focus on how economic success affects racism. Bigotry has often proven to be the result of economic status rather than of antipathy to color or creed. At the turn of the century, for example, blacks moved out of neighborhoods which were being settled by the even poorer Italian immigrants.²⁶ As Italian-Americans became more prosperous the trend reversed. Surveys indicate that middle class whites prefer middle class blacks as neighbors over poor whites.²⁷ Middle class blacks have even, on occasion, gone to court to enjoin the construction of low-income housing projects in their neighborhoods, housing which would be occupied predominantly by poor blacks.²⁸

But let us assume for the moment that racism and discrimination are products of visceral disinclination to a particular race or ethnic group. What is the economic impact of such malevolence? First, it should be noted that bigotry is not a problem unique to the American experience and indeed has voluminous historical precedent. No racial group evidences this more dramatically than the Chinese, victims of bitter animosity in both Southeast Asia and in the United States.

Chinese immigration to Southeast Asia began in earnest with the arrival of European colonists in the seventeenth and eighteenth centuries. Easily distinguishable from the indigenous populations, the Chinese readily became targets of native resentment. They were subjected to special taxes and quotas, were frequently confined to certain parts of cities,

26. T. SOWELL, *ETHNIC AMERICA* 277 (1981).

27. A 1972 Gallup poll found that 37% of middle-class whites resented lower class whites moving into their neighborhood, as opposed to the 24% opposed to middle class blacks moving into the neighborhood. W. WILLIAMS, *THE STATE AGAINST BLACKS* 12 (1985).

28. See *Shannon v. HUD*, 436 F.2d 809 (3d Cir. 1970); *Banks v. Perk*, 341 F. Supp. 1175 (N.D. Ohio 1972).

and were banned from a number of commercial activities.²⁹ The resentment often led to mob violence, much of it frightening for its sheer brutality. In 1603, some 23,000 Chinese were slaughtered in the Philippines alone.³⁰ In the eighteenth century, over 10,000 Chinese were massacred in Indo-China.³¹ In Indonesia, Chinese settlements were raided and the inhabitants raped and burned alive as late as the 1930's.³² Lest the figures become mere abstractions, it is helpful to recall that more Chinese lost their lives in Southeast Asia in a span of days than blacks in the entire history of racially-motivated lynchings in the United States.³³

Despite such rabid enmity, the Chinese succeeded in becoming Southeast Asia's premier economic brokers. Comprising less than 5% of the population, they came to dominate rice mills, textiles, iron and steel works, and the chemical industry.³⁴ In Thailand, by the late 1970's, the Chinese controlled from 50 to 95% of the capital in banking and finance, medicine, transportation, and the export-import trade—despite comprising only one-twentieth of the population.³⁵ In Malaysia, the Chinese own thirteen times as many corporations as the far more numerous Malaysians, notwithstanding laws prohibiting Chinese entry into certain industries.³⁶

In the United States, Chinese immigration began slowly, with the arrival of the first immigrants in the 1840's to work the California gold mines.³⁷ The number of Chinese-born immigrants was small compared to the wave of European immigration which was to follow, peaking at 100,000 in 1880.³⁸ Yet reaction to their arrival was immediate. The Chinese became frequent targets of mob violence and were often forced to relocate entire communities.³⁹ The malice soon won legal sanction. From 1854 to 1874, Chinese immigrants were not permitted to testify in court, making them lucrative prey for

29. T. SOWELL, *THE ECONOMICS AND POLITICS OF RACE* 27 (1983).

30. *Id.* at 41.

31. *Id.* at 43.

32. W.H. HUTT, *THE ECONOMICS OF THE COLOUR BAR* 81 (1964).

33. T. SOWELL, *supra* note 29, at 167.

34. *Id.* at 24.

35. *Id.* at 33.

36. *Id.* at 37.

37. R. LEE, *THE CHINESE IN THE UNITED STATES OF AMERICA* 9 (1960).

38. S. LYMAN, *THE ASIAN IN THE WEST* 79 (1970).

39. T. SOWELL, *supra* note 26, at 137.

criminals.⁴⁰ In 1882, Congress barred Asian immigrants from citizenship.⁴¹ In 1882, the Chinese Exclusion Act prohibited more Chinese from entering the country, condemning the largely male immigrant colony to bachelorhood.⁴² Various laws at the turn of the century, and as late as the 1940's, prohibited Asians from marrying Caucasians and owning land.⁴³ During World War II, 100,000 Americans of Japanese and Chinese descent found themselves in internment camps, despite no proof of disloyalty.

The Chinese began their economic adventures in the United States humbly. Both envied and disparaged because of their industry and perseverance, they labored at menial and dangerous jobs in the vineyards, canneries, railroads, and notorious laundromats.⁴⁴ Historian Thomas Sowell has remarked that "[t]hose who coined the phrase 'not a Chinaman's chance' knew little of the resolution and perseverance of these people."⁴⁵ One hundred years later, the Chinese-Americans, along with the Japanese-Americans, are the nation's foremost economic and educational achievers. In 1980, Asian-Americans earned the highest incomes in the United States.⁴⁶ And Asian-American students regularly outperform all ethnic groups on college entrance exams.⁴⁷ Although Asian-Americans constitute only 1.8% of the U.S. population, they represent 10% of the student body at Harvard, 22% at Berkely, and 19% at MIT.⁴⁸

The remarkable success of the Chinese both in Southeast Asia and in the United States belies the proposition that discrimination *necessarily* prevents the ascendancy of an entire racial group. Blacks themselves have rendered the notion suspect. Blacks of West Indian descent, for example, are not dis-

40. S. LYMAN, CHINESE-AMERICANS 82 (1974).

41. R. LEE, *supra* note 37, at 12.

42. *Id.*

43. Fourteen states—Arizona, California, Georgia, Idaho, Mississippi, Missouri, Montana, Nebraska, Nevada, Oregon, South Dakota, Utah, Virginia, and Wyoming—specifically forbade Chinese persons from marrying whites. Lyman, *supra* note 40, at 73.

44. *Id.* at 73-74.

45. T. SOWELL, *supra* note 29, at 49.

46. The 1980 Census shows that the income of the Japanese-Americans was \$27,350, the Chinese \$22,550, and the national average \$19,900. *To America With Skills*, TIME, July 8, 1985, at 44.

47. Bell, *The Triumph of Asian-Americans*, NEW REPUBLIC, July 15-22, 1985, at 24, 26.

48. *Id.*

tinguishable by color from native blacks.⁴⁹ Yet in the second generation, West Indian blacks not only outperform native blacks, they surpass the *national* income average.⁵⁰

It would be inapposite to equate, without qualification, black and Chinese experiences with racism. Despite the severity of racism in both Southeast Asia and the United States, the Chinese were never subject to legalized slavery. And at least in the United States, legal barriers to equality persisted considerably longer for blacks than for Chinese-Americans. Yet with the long-overdue civil and political rights achievements of the 1960's and 1970's, racism has become less valid as an explanation for the persistence of black poverty. Racism *can* retard the economic ascendancy of a racial group, but as the Chinese have rather forcefully demonstrated, it does not necessarily inhibit their success.

B. *The Economy*

Nor is the persistence of black poverty readily explained by economic fluctuations. During the 1950's, the per capita GNP grew at the modest rate of 1.5% annually.⁵¹ By the end of the decade, the poverty rate had declined for all age and race categories.⁵² In the 1970's, the per capita GNP increased 2.1% per annum, which, though less than the rate in the 1960's, was still higher than in the 1950's.⁵³ Yet unlike in the 1950's, the poverty rate at the end of the 1970's had edged upward.⁵⁴ One extensive study of poverty and economic fluctuations arrived at similar conclusions: "[T]he economic differences between the 1960's and 1970's account for some of the persistence of poverty, but not all of it. This analysis also suggests that high rates of economic growth would produce only moderate declines in poverty."⁵⁵

Consider, in addition, what Charles Murray has referred to as the "anomalous plunge in black labor force participation."⁵⁶ Labor force participation measures the number of persons actively participating in the economy at all income

49. T. SOWELL, *supra* note 26, at 220.

50. *Id.*

51. Gwartney & McCaleb, *supra* note 1, at 7.

52. C. MURRAY, *supra* note 2, at 245.

53. Gwartney & McCabell, *supra* note 1, at 7.

54. By 1979, for example, the poverty rate stood at 13%, up from 11% in 1973. In contrast, the rate declined between 1950 and 1959, from 30% to 24%. C. MURRAY, *supra* note 2 at 65.

55. E. FARLEY, *supra* note 19, at 160.

56. C. MURRAY, *supra* note 2, at 76.

levels. In the 1950's, during modest economic growth, the labor force participation rate among blacks was nearly 85%, a rate equal to that for whites.⁵⁷ By the late 1960's, when a sustained economic expansion had reduced the unemployment rate to 3.4%, the black labor force participation rate had declined anywhere from 8% to 18%, depending on age group.⁵⁸

The patent response to such figures, and to any comparisons with past immigrants, is that jobs traditionally taken by the poor no longer exist. If this is true, then the presence of some three to six million illegal aliens in this country is an anomaly without equal.⁵⁹ The more probable case, of course, is that there is no anomaly at all and that the illegals are taking those menial and unremunerative jobs sought by many poor immigrant arrivals in the past. Rather than insisting that the work traditionally performed by the poor does not exist, the more plausible argument for the welfare state advocates is that the contemporary poor should not have to take such work. Unfortunately, this does little more than beg the question.

C. *Entrepreneurial Background*

The Chinese immigrants brought with them an entrepreneurial spirit which proved instrumental to their economic success. One might conclude from their experience that such talent is a precondition to integration in a capitalist economy. Blacks, for example, entered the economy having emerged directly and abruptly from slavery, an institution which for obvious reasons physically and psychologically had dissuaded initiative.⁶⁰ Entrepreneurial talents, one would suppose, would vastly ease the transition into a relatively unbridled market economy. What is not so clear is whether the absence of these talents and the historical opportunity to develop them unequivocally condemns a given group to the fringes of the economy. In this context, the Italian-American immigrant experience provides cogent insights.

Italian-Americans today are a solidly middle class group

57. *Id.* at 76.

58. *Id.* at 77.

59. No one knows for sure how many illegal immigrants there are in the United States, though the number of Mexican illegals is believed to be anywhere from three to six million. *The Disappearing Border*, U.S. NEWS & WORLD REP., Aug. 19, 1985, at 33.

60. T. SOWELL, *supra* note 26, at 187.

with incomes surpassing all ethnic groups save the Scotch and Germans.⁶¹ Their current affluence contrasts sharply with their American baptism at the turn of the century, when they were perhaps the poorest of all racial or ethnic groups.⁶²

One would suspect from the Italian-Americans' remarkable improvement over the course of three or four generations that they, like the Chinese, had brought with them strong entrepreneurial values. In fact, the opposite is true. Sociologist Joseph LoPreato observes that of all ethnic cultures transplanted to the United States, "none was in a weaker position to survive, much less to aid its bearers in the necessary transformation, than that of the Italians."⁶³

Approximately 90% of all Italian immigrants came from Southern Italy, then one of the poorest regions in the Western world.⁶⁴ Their native towns, isolated geographically from the more prosperous north, had remained archetypal feudal communities.⁶⁵ Living conditions of peasants were worse than those of American slaves.⁶⁶ Impermeable class divisions had persisted for centuries, and birth into a "pezzenti" (peasant) family largely assured that status for life.⁶⁷ In this rigid system of social stratification, aspirations to upward mobility were viewed with disdain.⁶⁸

In the United States the Italian immigrants found themselves at odds with "foreign" values such as initiative and inter-class mobility.⁶⁹ They were fatalistic and superstitious.⁷⁰ Italian men were valued by employers for their tolerance for long hours and low pay, but they generally required greater supervision.⁷¹ Italian pupils performed very poorly, and parents openly discouraged education, viewing it as a threat to family unity.⁷² The Italian immigrants' difficulty in adjusting

61. N.Y. Times, May 15, 1983, Magazine, at 31, col. 2.

62. In 1910, Italians had lower incomes than both native whites and blacks. R. GAMBINO, BLOOD OF MY BLOOD 308 (1974).

63. J. LOPREATO, ITALIAN-AMERICANS 56 (1970).

64. *Id.* at 12.

65. *Id.* at 21-25.

66. R. FOGEL & S. ENGERMEN, TIME ON THE CROSS 125 (125).

67. J. LOPREATO, *supra* note 63, at 23; T. SOWELL, *supra* note 26, at 104.

68. T. SOWELL, *supra* note 26, at 113.

69. J. LOPREATO, *supra* note 63, at 28.

70. T. SOWELL, *supra* note 26, at 106.

71. In 1911, 63% of Italian school children were behind the normal grade level. *Id.* at 120.

72. S. MONDEBELLO, THE ITALIAN-AMERICAN IMMIGRANT IN URBAN AMERICA 66 (1960).

to American life led some commentators to speculate that they were genetically inferior.⁷³

It was only as first- and second-generation Italian-Americans became comfortable with American institutions that their ambivalence toward education and upward mobility subsided.⁷⁴ By the third and fourth generation, they had generally achieved middle class status. Their early American history aptly demonstrates, however, that a deficient "capitalist" background is not a permanent handicap to upward mobility, and that indeed, the free market is quite adept at planting and fostering entrepreneurial values in groups which have none.

D. Political Power

It has become almost axiomatic that political power is a precondition to economic success. Interestingly, both the Chinese-Americans (and the Chinese in Southeast Asia) and the Italian-Americans almost entirely avoided the political process throughout their economic ascendancy. Chinese-Americans rarely took any interest in elected office, and their "political" activity was largely confined to evading discriminatory laws.⁷⁵ Italian-American political candidates regularly had trouble attracting their own compatriots' votes.⁷⁶ While Italian-Americans have improved their political fortunes in the Northeast as of late, neither group has become a political force commensurate with its economic and social success.

In contrast to the Italian and Chinese immigrants, the newly-arrived Irish pursued political activity with fervor and success. The Irish essentially dominated American municipal politics in many large cities at the turn of the century. Despite their political success, the Irish were among the least economically successful of all immigrant groups, and experienced widespread social problems.⁷⁷ Even today, Irish-American incomes lag behind those of other white ethnic groups, notwithstanding their continuing prominence in politics.⁷⁸

73. J. LOPREATO, *supra* note 63, at 86. By the third generation, education became a highly valued goal for Italian-Americans.

74. T. SOWELL, *supra* note 29, at 70; W. WILLIAMS, *supra* note 27, at 6.

75. T. SOWELL, *supra* note 26, at 128.

76. *Id.* at 30.

77. T. SOWELL, *supra* note 29, at 68-69; T. SOWELL, *supra* note 26, at 280.

78. W. WILLIAMS, *supra* note 27, at 6.

The contrasting fortunes of the Italian- and Chinese-Americans disparage the notion that economic progress is impossible without political power, or conversely that political power guarantees such progress. For blacks, who have placed enormous faith in the political process, this lesson should not be lightly regarded.

All of the foregoing in no sense belittles the hardships which racism, economic fluctuations, lack of entrepreneurial history, and political powerlessness have caused racial or ethnic groups, and blacks in particular. They are hardly imaginary problems. At the same time, emphasis on the role and impact of these problems without a focus on the means to overcome them merely engenders passivity and, to some extent, hostility. Glenn Loury, while acknowledging the relationship of racism and behavioral difficulties, argues that it is inappropriate and even dangerous to equate *fault* with *responsibility*.⁷⁹ He suggests that emphasis on the former obscures the more important considerations of what is to be done, and who is to do it.⁸⁰ The resiliency of some ethnic groups, despite ample adversity, suggests that the focus should not be so much on whether past injustices or a cruel history cause social problems, but on the promotion of those social forces and institutions which make such problems surmountable.

E. *The Family*

The most familiar of these institutions is the family. And more than all other Americans, poor blacks have been ravaged by the collapse of the family. One-half of all black families are now headed by a woman.⁸¹ Twenty-five percent of black children are born to teenage mothers, and one in five black children live with a mother who has never married.⁸² More than half of all black children are born out of wedlock.⁸³

Family dissolution may better explain the economic plight of many poor blacks than the traditional litany of causes. Female-headed black households, now half of all black families, are twice as likely to be poor as two-parent fami-

79. Loury, *The Moral Quandary of the Black Community*, PUB. INTER-EST, Spring 1985, at 10.

80. *Id.*

81. N.Y. Times, November 20, 1983, at A1, col. 4.

82. *Id.*

83. *Id.* at A54, cols. 3-4; E. FARLEY, *supra* note 19, at 141.

lies.⁸⁴ Sixty percent of female-headed black households fall below the poverty line.⁸⁵ In contrast, the median income for married black couples in 1982 was \$20,586, well above the official poverty level.⁸⁶ If there had been no change in the living arrangements of blacks between 1970 and 1980, "economic gains for blacks would have paralleled those for whites."⁸⁷

Beyond the purely economic considerations, family dysfunction has even more unfortunate consequences for *human* capital. Many black children, for example, grow up in homes where there is no father figure, raised by mothers not long out of childhood themselves. Despite the heroic efforts of many poor single mothers, the single parent family is, at least among the poor, probably less successful in transmitting values necessary for adjustment in a competitive market economy and civil society. Illegitimate children born to teenage mothers tend to be less healthy.⁸⁸ As early as 1940 E. Franklin Frazier, a black sociologist, warned of the decreased ability of children from fatherless homes to adjust to societal norms.⁸⁹ The probability of neglect and abuse is higher for children born out of wedlock.⁹⁰ A study of black children from fatherless families found that they were generally "less responsible, less able to defer gratification, and less interested in achievement" than children from two-parent families.⁹¹ For human as well as economic considerations, the need to reverse the decline of the family among the black poor is compelling.

But many of those concerned with the problem misinterpret the causes of the decline of the black family. A recent statement issued at a conference of black leaders, for example, declared that "[t]he present black family crisis can be attributed almost directly to racism."⁹² Others might insist that the crisis can be traced to high levels of poverty among blacks. Neither contention is entirely or even largely accurate. Throughout slavery, when racism was not only perva-

84. E. FARLEY, *supra* note 19, at 141.

85. N.Y. Times, *supra* note 81, at A54, col. 3-4.

86. *Id.*

87. E. FARLEY, *supra* note 19, at 158.

88. C. MURRAY, *supra* note 2, at 127.

89. K. AULETTA, *supra* note 7, at 40.

90. V. FUCHS, *HOW WE LIVE: AN ECONOMIC PERSPECTIVE OF AMERICANS FROM BIRTH TO DEATH* 28 (1983).

91. G. GILDER, *SEXUAL SUICIDE* 114 (1973).

92. N.Y. Times, *supra* note 81, at A54, col. 4.

sive but codified, the family remained the most important and enduring black social institution.⁹³ Most slave children grew up in two-parent households.⁹⁴ Following the civil war, journalists reported encountering former slaves who had travelled across states in search of a lost spouse.⁹⁵

The pattern of strong family cohesion continued long after slavery. A case study of blacks in Boston at the turn of the century found that, despite dire economic and social conditions, only 11% of black wives had been deserted by their husbands, lower than the figure for Irish immigrants.⁹⁶ In 1905, four-fifths of black families in New York City were headed by the father.⁹⁷ In 1940 and again in 1950, nearly 80% of black families consisted of two-parent households.⁹⁸ It is somewhat incongruous that in light of the stability of the black family in slavery and throughout the first half of this century that racism and poverty are so frequently advanced as the overriding causes for the modern black family crisis.

What is clear is that the family unit can play an important role in the efforts of the poor to overcome poverty. Two-parent black families, and indeed two-parent families of all races, perform remarkably better than their single-parent counterparts. If the trend towards family dissolution among poor urban blacks continues unabated, the prospects for improvement will become increasingly bleak.

F. *Enterprise*

Nathan Caplan, a researcher at the University of Michigan, recently completed a three year study of nearly 1,500 Indochinese refugee families.⁹⁹ Three years after their arrival in the United States during a serious recession, more than two-thirds had jobs earning twice the national poverty level.¹⁰⁰ Twenty-five percent had achieved perfect 4.0 scores in U.S. schools, though most arrived with limited knowledge

93. T. SOWELL, *supra* note 26, at 188, 222.

94. *Id.* at 189.

95. *Id.* at 190.

96. Pleck, *The Two-Parent Household: Black Family Structure in Late Nineteenth Century Boston*, in *IN SEARCH OF THE PROMISED LAND* 124 (T. Kornweibel ed. 1981).

97. H. GUTMAN, *THE BLACK FAMILY IN SLAVERY AND FREEDOM 1750-1925* (1977).

98. C. MURRAY, *supra* note 2, at 129.

99. Study cited in William Raspberry's editorial C. MURRAY *A New Myth For Blacks to Live By*, Wash. Post, July 19, 1985, at 25, col. 5.

100. *Id.*

of English.¹⁰¹ Forty-four percent had earned perfect scores in math.¹⁰²

The striking success of the Indochinese refugees echoes that of Father Divine's black followers during the Depression. A captivating preacher with occasional delusions of divinity, Father Divine rallied hundreds of thousands of poor blacks to his missions in the late 1920's and 1930's.¹⁰³ Seventy percent of his converts were unemployed, and more than one-third received public assistance.¹⁰⁴ Exhorted to exercise self-discipline and to reject relief money, Father Divine's followers formed and managed hundreds of successful businesses during the nation's worst economic crisis in its history.¹⁰⁵ In Harlem alone, Father Divine's followers operated twenty-five restaurants, six grocery stores, ten barber shops, two dozen huckster wagons, and a coal business.¹⁰⁶ By the end of the Depression, these businesses had accumulated millions of dollars in savings, no small feat for the poorest and most maligned citizens in a nation on the brink of economic collapse.¹⁰⁷

But perhaps no ethnic group has demonstrated more resiliency in the face of adversity than the Jews, victims of vilification and persecution throughout their history. In Europe, the anti-Semitic venom led to the slaughter of some six million innocent Jews in Nazi Germany. In the United States, the social climate was more tolerant, but the majority of Jews nonetheless humbly began their American adventure. They arrived overwhelmingly poor. More than one-half million Jews packed into one and one-half square miles in Manhattan;¹⁰⁸ half of all Jewish families slept three or four to a room, one quarter of them slept five or more to a room;¹⁰⁹ and they worked long hours at low pay, in neighborhoods where the "crush and stench were suffocating."¹¹⁰ By the 1980's, Jews were among the highest earning of all Ameri-

101. *Id.*

102. *Id.*

103. M. SMITH, *GOD IN A ROLLS ROYCE* 88-89 (1936).

104. *Id.*

105. R. WEISBROT, *FATHER DIVINE AND THE STRUGGLE FOR RACIAL EQUALITY* 123-24 (1983).

106. *Id.*

107. *Id.*

108. T. SOWELL, *supra* note 29, at 91.

109. *Id.*

110. *Id.*

cans.¹¹¹ Despite a haunting history of discrimination and persecution, the Jews have excelled in virtually every nation where they are found in significant numbers.

What enabled the Jews, the Chinese, Fr. Divine's followers, and the recent Indo-Chinese refugees to succeed despite abject poverty, discrimination, and even persecution? They all shared common attributes which we might collectively term as *enterprise*. Enterprise in this context entails not so much an economic disposition as a set of values — faith, hope, creativity, determination, and perseverance among them. Certainly, the groups discussed above possessed these. These are values which enable the poor to face their condition with patience, determination, and faith in their ultimate capacity to overcome it. The Lay Commission on Catholic Social Teaching and the U.S. Economy suggests that enterprise is a *virtue* which "inspires imagination and adventure."¹¹² However one wishes to characterize it, the ascent from poverty is unimaginable without it.

II. THE IMPACT OF PUBLIC SPENDING

If family and enterprise are fundamental to the efforts of the poor to improve their lot, it is axiomatic that public policy should foster both. Over the last twenty years, the nation has mounted an enormous campaign to assist the poor. Social welfare expenditures tripled between 1965 and 1980, an increase of over 200% (even when inflation is taken into account).¹¹³ Noble intentions aside, how has this effort fared at promoting either family or enterprise?

A. Family

Senator Daniel Patrick Moynihan recently recalled an observation made at the outset of the War on Poverty:

From the wild Irish slums of the 19th Century Eastern Seaboard, to the riot-torn suburbs of Los Angeles, there is one unmistakable lesson in American history: a community that allows a large number of young men to grow up in broken families, dominated by women, never acquiring a set of ra-

111. *Id.* at 187.

112. Lay Commission on Catholic Social Teaching and the U.S. Economy, *Toward the Future: Catholic Social Thought and the U.S. Economy—A Lay Letter*, CATHOLICISM IN CRISIS, Nov. 1984, at 1, 20 [hereinafter cited as *Lay Letter*].

113. C. MURRAY, *supra* note 2, at 242.

tional expectations about the future, that community asks for and gets chaos. Crime, violence, unrest, disorder—most particularly the furious, unrestrained lashing out at the whole social structure—that is not only to be expected; it is very near to inevitable.¹¹⁴

That observation, almost prophetic in hindsight, was made at a time when the illegitimacy rate for blacks stood at 25%.¹¹⁵ After twenty years, and tens of billions of dollars, some of which were aimed at reversing that very trend, the rate has more than doubled.

Is there a correlation between public spending and family dissolution? The parallel rise in welfare expenditures and illegitimacy is, at the very least, disquieting. An extensive federal study of the feasibility of a negative income tax (NIT) produced some disturbing figures in this regard. The negative income tax essentially would guarantee a minimum income in the form of a "negative" tax to anyone whose wages fall below a prescribed level.¹¹⁶ The two most extensive tests were conducted in Seattle and Denver, where approximately 10,000 NIT recipients were compared to a control group.¹¹⁷ The results indicated that, as compared to the control group which received no benefits, recipients experienced a 36% increase in marital dissolution for whites, 42% for blacks, and up to 64% for hispanics.¹¹⁸

Economist George Gilder has argued that welfare payments subvert family life among the poor by making the poor male an expendable commodity:

Above all, by making optional the male provider role, welfare weakens and estranges the prime mover in upward mobility. Unlike the mother's role, which is largely shaped by biology, the father's breadwinner duties must be defined and affirmed by culture. The welfare culture tells the man he is not a necessary part of the family: he feels dispensable, his wife knows he is dispensable, his children sense it As a result, men tend to leave their children, whether before or after marriage. Crises that would be resolved in a normal family may break up a ghetto family. Perhaps not the first time or the fifth, but sooner or later the pressures

114. Chicago Tribune, Sept. 16, 1985, at 7, col. 2.

115. C. MURRAY, *supra* note 2, at 262.

116. *Id.* at 148-53.

117. *Id.*

118. *Id.* at 152.

of the subsidy state dissolve the roles of fatherhood, the disciplines of work, and the rules of marriage.¹¹⁹

Gilder's analysis is not without fault or criticism.¹²⁰ It is nonetheless true that in some urban ghettos half of all children are born out of wedlock, increasingly to teenage mothers. Traditionally, the birth of a child implied responsibility, a burden (albeit a welcome one) taken on by father and mother alike. Birth in the ghetto has become the ultimate symbol of irresponsibility, the product of males in search of immediate gratification and, as is more and more often the case, young girls aware of welfare benefits which come with giving birth to a child. One study indicates that pregnant teenagers who are eligible for public assistance are significantly more likely to deliver their babies out of wedlock.¹²¹ A recent poll found that an overwhelming majority of poor women believe that women like themselves give birth in order to receive welfare benefits.¹²² If, contrary to Gilder's argument, the welfare state does not cause irresponsible behavior, it at the very least subsidizes it.

It may very well be overstating the case to suggest that public spending is singularly responsible for the demise of the family among the poor, and among blacks in particular. Family instability among the poor is to a degree symptomatic of

119. G. GILDER, *WEALTH AND POVERTY* 122 (1981).

120. Levitan and Johnson write:

[B]esides his bizarre presentation of male sexuality and motivation, Gilder's explanation of the link between public assistance and family dissolution is based on highly selective data and held together by unsubstantiated logic. While Gilder portrays the inability of husband and father to provide for his family as central to the disintegration of marriages, he fails to acknowledge the extent to which the inadequacies of the labor market contribute to this frustration. Whatever sense of personal failure accompanies the inability to support one's family, it certainly would be at least as powerful if the family lived in abject poverty as in welfare dependency—the obvious difference being that the secure income of welfare heightens the potential independence of wife and mother under such adverse circumstances. Yet in Gilder's view all members of low income-families would be better off if welfare payments were withheld, for while they may have less income the male heads of households would still retain their pride, thereby fostering the preservation of stable marriages.

S. LEVITAN & C. JOHNSON, *BEYOND THE SAFETY NET: REVIVING THE PROMISE OF OPPORTUNITY IN AMERICA* 62-63 (1984).

121. V. FUCHS, *supra* note 90, at 105-06.

122. Lewis & Schneider, *Hard Times: The Public on Poverty*, *PUB. OPINION*, June-July 1985, at 1, 7.

broader social trends encompassing both rich and poor. On the other hand, it is hardly an overstatement that social spending has had no *positive* impact on the family. One even finds confirmation of this abroad. Sweden, for example, has taken the notion of the welfare state to its logical conclusion. Yet in a nation noted for its cradle-to-grave social services, the divorce rate is 60% higher than in the United States.¹²³ One-third of all births occur out of wedlock, and fully one-half of all pregnancies are terminated in abortion.¹²⁴ For those who would look to social planning as a panacea for the family predicament, Sweden should serve as a cautionary reminder.

B. *Enterprise*

As for the impact of public spending on the enterprise of the poorest of all Americans, the so-called "underclass," the war on poverty is perhaps more noteworthy for what it cannot do than for what it has done. To begin with, it is doubtful whether public programs ever reach the most needy. Forty percent of the truly poverty-stricken receive no welfare benefits¹²⁵ — which is why we should be angered but hardly surprised at frightful accounts of pathetic individuals combing trash bins for food or freezing to death in the streets on winter nights.

Aside from its questionable efficiency, the welfare state fails to address the very source of the ghetto despair and alienation. Malcolm X, in an eloquent diatribe on the condescending nature of the welfare state, captured the resignation and despair in the urban ghetto:

If they wanted more to do, they could work on the roots of such ghetto evils as the little children out in the streets at midnight with apartment keys on strings around their necks to let themselves in, and their mothers and fathers drunk, drug addicts, and thieves and prostitutes. Or they could light some fires under northern city halls, unions, and major industries to give more jobs to negroes to remove so many of them from the relief and welfare rolls, which create laziness, and which deteriorated the ghettos into steadily worse places for humans to live . . . One thing the

123. Figures cited in Gilder, *Faith, Family, and Progress*, 35 NAT'L REV. 427, 429 (1983).

124. *Id.*

125. Kondratas, *supra* note 4, at 38.

white man can never give the black man is self-respect. The black man can never become independent and recognized as a human being . . . until he is doing for himself what others are doing for themselves.¹²⁶

"Doing for oneself" is the very premise of upward mobility as well as self-respect. Sociologist Marshall Clinard has noted that the distinguishing characteristic of the ghetto is the pervasive sense of powerlessness.¹²⁷ What are welfare agencies and government bureaucrats but quintessential reminders of powerlessness and dependency? The poor stagnate because, among other things, "decisions have been made for them for so long that they have generally failed to develop the experiences and skills necessary for motivating themselves for social change."¹²⁸ To expect that welfare programs can eliminate futility and resignation is wishful thinking of the most dangerous kind. It is enterprise, not paternalism, which will galvanize the poor.

There is in addition, a real danger that the extensive availability of transfer income may undermine the traditional vehicle through which the poor have channeled their work ethic. Welfare benefits have increased dramatically in the last twenty years, outpacing increases in personal income.¹²⁹ As Dwight Lee aptly observes, most people "are remarkably adept at rationalizing the acceptability, indeed the virtue, of things that provide them benefits."¹³⁰ The NIT study cited earlier in this article confirms Lee's misgivings. Work effort among those guaranteed a minimum income declined between 10 and 34%.¹³¹

Gwartney and McCabell have suggested that, along with the immediate financial disincentives, there is attendant to welfare programs a "moral hazard effect," which occurs when the consequences of risky behavior are insured against by government programs.¹³² Some individuals are poor because they dropped out of school, have become addicted to alcohol or drugs, or are simply lazy. A private insurance com-

126. Quoted in Parker, *The Nature of Poverty*, 33 NAT'L REV. 415 (1981).

127. Clinard, *The Role of Motivation and Self-Image in Social Change in Slum Areas*, in *PSYCHOLOGICAL FACTORS IN POVERTY* 329 (V. Allen ed. 1970).

128. *Id.*

129. Gwartney & McCaleb, *supra* note 1, at 9.

130. Lee, *The Politics of Poverty*, 5 CATO J. 17, 20 (1985).

131. C. MURRAY, *supra* note 2, at 151.

132. Gwartney & McCaleb, *supra* note 1, at 12.

pany, Gwartney and McCabell argue, would not insure against such behavior, well aware that doing so would likely increase the probability of its occurrence.¹³³ Poverty programs which do not distinguish between poverty resulting from tragedy and poverty resulting from poor judgment provide just such insurance. Indiscriminate welfare programs lower the price of improvidence.

But perhaps the most pernicious effect of the welfare state on enterprise is its subtle indictment of the values of the working poor. The immigrant poor have traditionally improved their lot by working longer and harder at jobs that no one else would take or by applying their energy and entrepreneurial skills to small business ventures. Murray observes that the customary reward for the working poor has been society's applause for their efforts.¹³⁴ This reward is being robbed by a society which has made the alternatives to working one's way out of poverty socially acceptable. What do television advertisements publicizing the availability of food stamps impress upon the individual working at two menial jobs to feed his children? What is society rewarding? It is quite possible that even the most valiant of souls, confronted with persistent reminders of the welfare society's benevolence, will ultimately question the value of his own more painful efforts.

C. Community

The impact of social spending may not be limited entirely to the poor. Ultimately, as social spending fails to eliminate poverty and as more is demanded of the state, the very nature of the relationship between the poor and non-poor may change. If a market economy is to function both efficiently and morally, the fate of the rich and poor must remain interrelated, both economically and spiritually.¹³⁵ But as care of the poor is increasingly entrusted to a system of state-

133. *Id.*

134. C. MURRAY, *supra* note 2, at 187.

135. According to the Catholic bishops:

The Biblical emphasis on covenant and community also shows that human dignity can only be realized and protected in solidarity with others. In Catholic social thought, therefore, respect for human rights and a strong sense of both personal and community responsibility are linked, not opposed.

National Conference of Catholic Bishops, *Catholic Social Teaching and the U.S. Economy*, para. 83 (Second Draft 1985), reprinted in 15 ORGINS 257 (1985) [hereinafter cited as Second Draft].

imposed income redistribution, the moral bond between rich and poor becomes attenuated. De Tocqueville's seminal "Memoir on Pauperism" brilliantly posed the quandary:

The latter (public relief) allows the alms to persist, but removes its morality. The law strips the man of wealth of a part of his surplus without consulting him and he sees the poor man only as a greedy stranger invited by the legislator to share his wealth. The poor man, on the other hand, feels no gratitude for a benefit which no one can refuse him Public alms guarantee life, but do not make it easier or more comfortable than individual alms giving; legal charity does not thereby eliminate wealth or poverty in society. One class still views the other with fear and loathing while the other regards its misfortune with despair and envy. Far from uniting these two rival nations. . . it breaks the only link which could be established between them. It ranges each under one banner, tallies them, and, bringing them face to face, prepares them for combat.¹³⁶

De Tocqueville's observation, if portentous in style, surely raises a timely consideration. Because care of the poor had traditionally rested with family, neighbors, private charities, parishes, and mutual aid groups, the poor were very much a presence in the lives of the non-poor. How many Americans today have had contact with the poor other than through television or their daily expressway travels through dilapidated ghettos? To what extent has the welfare state made the poor an "alien" culture? And how long before, as DeTocqueville forewarns, they will be perceived as a threat?

The Catholic bishops, in the recent draft of their pastoral letter on the economy, declared that "the fact that more than 15% of our nation's population lives below the official poverty level is a social and moral scandal that must not be ignored."¹³⁷ Leaving room for argument regarding the wisdom of the specific programs outlined in the letter, the underlying call for human dignity and economic justice is binding. The bishops correctly assert: "In our view . . . , there can be no legitimate disagreement on the basic moral objectives."¹³⁸ Yet as Lawrence Meade persuasively argues, and the bishops must surely agree, the moral imperative

136. de Tocqueville, *Memoir on Pauperism*, reprinted in PUB. INTEREST, Winter 1983, at 102, 114.

137. Second Draft, *supra* note 135, para. 20.

138. *Id.* para. 86.

should not be viewed entirely in the short run.¹³⁹ If the long-term impact of extensive public social spending is to cripple the will and ability of the poor to climb out of poverty, then it in turn becomes a moral scandal.

All the foregoing might be summarily dismissed as purely academic musing. Not so easily dismissed is the fact that \$46,920 is spent on every poor family of four in the United States, enough to lift each and every such family above the poverty line.¹⁴⁰ It would be difficult to find a more damning statistic on the celebrated war on poverty. If nothing else, it strongly indicates that initiatives to assist the poor must take on a new direction.

III. THE SOLUTION

Unless one is willing to abandon entirely the free market, we must recognize that for a variety of reasons some persons will at certain times be poorer than others. Future efforts must enable these persons to get on their feet and to move on, as well as assist those who simply cannot. The welfare state has proven marginally successful at the latter, and increasingly incompetent at the former.

Along with this initial recognition must come the realization that there is a value in the very struggle to escape poverty. The Italian immigrants, the Jews, and Fr. Divine's followers all began their ascendancy at the bottom, inching their way forward often at great sacrifice. Most everyone will acknowledge the pride, discipline, knowledge, and invaluable experience which comes from "doing for oneself." Why are we to assume that the contemporary poor are less deserving of this same avenue to respectability, acceptance, and ultimately, affluence?

If generous public spending has not improved the long-term prospects of the poor, common sense would dictate that it be curtailed. Yet there is understandable hesitation at even entertaining such a draconian measure. What, one is compelled to wonder, would happen to the poor? Can they survive without extensive government assistance?

A. *The Italian Mutual Aid Societies*

Between 1890 and 1910, some five million Italian immi-

139. Mead, *Social Programs and Social Obligations*, PUB. INTEREST, Fall, 1982, at 17, 31.

140. Lee, *supra* note 130, at 18.

grants arrived in the United States.¹⁴¹ Upon their arrival, they generally found themselves at the low end of the economic and social scale. In 1910, Italian immigrants earned lower average incomes than either native whites or blacks.¹⁴² They lived in scandalous housing at densities of 1,000 persons per acre, again rates lower than for native whites or blacks.¹⁴³ Unskilled and uneducated, they swarmed into menial jobs such as construction, streetcleaning, and factory work.¹⁴⁴ Living conditions in Italian neighborhoods were so poor that the Vatican felt compelled to issue a document decrying their fate: "[I]t is humiliating to realize that, after the disappearance of the Indian and the emancipation of the negroes, it is the Italian immigrants that have become the pariahs of the great American republic."¹⁴⁵

Despite conditions of abject poverty, Italian immigrants typically refused any form of public assistance.¹⁴⁶ They generally accepted any employment available, turning to charity only when women and children were suffering, or when "they had exhausted or starved bodies, stricken with illness."¹⁴⁷ Unwilling to accept public relief, the Italian immigrants excelled at forming mutual aid societies, which were often composed entirely of "paesani", or immigrants from the same town in Southern Italy.¹⁴⁸

In 1915, there were between 2,000 and 3,000 Italian mutual aid societies in New York City alone.¹⁴⁹ The more prominent ones, such as the *Societa di Unione e Benevolenza Italiana*, provided assistance to budding businesses, particularly in the heavily Italian Mulberry district.¹⁵⁰ Smaller societies provided assistance to needy families and individuals.¹⁵¹ The *La Fraterna* society, which by the turn of the century had some 2,000 members, paid out over \$14,000 in sick and

141. J. LoPREATO, *supra* note 63, at 12.

142. *See supra* note 62.

143. T. SOWELL, *supra* note 26, at 111.

144. J. LoPREATO, *supra* note 64, at 143-44.

145. ISTITUTO DI STUDI AMERICANI, GLI ITALIANI NEGLI STATI UNITI 231 (1972) (author's translation).

146. T. SOWELL, *supra* note 26, at 116.

147. *Id.*

148. Pozzetta, *The Mulberry District of New York City: The Years Before World War One*, in LITTLE ITALIES IN NORTH AMERICA 7, 20 (1981) [hereinafter cited as LITTLE ITALIES].

149. *Id.* at 19.

150. *Id.*

151. *Id.* at 19-20.

death benefits in one year alone.¹⁵²

Mutual aid societies met a variety of needs in Italian neighborhoods throughout the United States, largely depending on the exigencies of a particular community. In Baltimore, for example, the difficulty in obtaining construction loans led to the creation of the Garibaldi Building Association, which provided funds enabling many Italian immigrants to build their first homes.¹⁵³ In Tampa, mutual aid societies provided a comprehensive health insurance program.¹⁵⁴ In St. Louis, they functioned as private welfare agencies, providing sick benefits as well as a fund to assure to all members a meaningful funeral.¹⁵⁵ The leading society in St. Louis also operated a co-operative grocery and meat market.¹⁵⁶

As Italian-Americans slowly climbed to middle class status, the significance of the mutual aid societies declined. By the 1980's, Italian-Americans earned well above the national average, and mutual aid societies had either entirely disappeared or had evolved into social and civic organizations.

These mutual aid societies proved remarkably effective in conditions of ignominious poverty seldom equalled in American history. The absence of public assistance in such squalid conditions did not lead, as one might suspect, to widespread social ills. Italian immigrants generally maintained low rates of crime, alcoholism, divorce, and illegitimacy.¹⁵⁷

Mutual aid societies were not unique to the Italians. The Chinese had a variety of community organizations, among these the hui kuan, which served as immigrant aid societies.¹⁵⁸ The hui kuan provided credit and served as employment agencies.¹⁵⁹ They even served a judicial function, providing mediation for quarreling Chinese.¹⁶⁰ The hui kuan established a rotating credit system which became the princi-

152. *Id.* at 33 n.48.

153. Scarpace, *Baltimore's Little Italy*, in *LITTLE ITALIES*, *supra* note 148, at 105, 118.

154. Rizzo, *The Italian Heritage in Tampa*, in *LITTLE ITALIES*, *supra* note 148, at 123, 136-37.

155. Mormino, *The Hill Upon a City: The Evolution of An Italian-American Community in St. Louis, 1882-1950*, in *LITTLE ITALIES*, *supra* note 148 at 141, 148.

156. *Id.*

157. J. LOPREATO, *supra* note 63, at 126; T. SOWELL, *supra* note 26, at 113, 118. In New York City, 92.9% of Italian families had husbands or fathers present in 1905. In Buffalo, the figure for that same year was 96%.

158. S. LYMAN, *supra* note 40, at 33.

159. *Id.*

160. *Id.*

pal source of capital for entrepreneurship and business development in Chinatown.¹⁶¹

The capacity of an unskilled, uneducated, and generally ill-prepared ethnic group to overcome poverty without government assistance is an important if oft-forgotten historical lesson which should not be easily dismissed. And in the 1980's, when public anti-poverty expenditures loom large, the contrast between the resignation fostered by government programs and the pride and determination engendered by self-help initiatives is all the more enlightening. The transformation of Washington's Kenilworth-Parkside housing project is a telling case in point.

As a public housing project, Kenilworth typified the urban nightmare. It was characterized by crime, widespread drug abuse, rampant teenage pregnancies, and high rates of welfare dependency.¹⁶² In 1982, frustrated residents prevailed upon city officials to transfer management of the complex to a resident organization.¹⁶³ Within two years, crime decreased 75% and welfare dependency and teenage pregnancies were reduced by half.¹⁶⁴ The physical plant also improved dramatically.¹⁶⁵ Capturing a simple truth which seems to evade the architects of the welfare society, the head of the residents' board of directors explains that the residents of Kenilworth-Parkside are behaving responsibly because, for the first time, they have responsibility.¹⁶⁶

It should hardly be surprising that local private initiatives to assist the poor are far more effective than public welfare agencies. In times of crisis, individuals turn first to family members, friends, neighbors, their ministers, their church, voluntary groups, and ethnic subgroups.¹⁶⁷ If bureaucrats do not know the most effective channels for reaching the poor, the poor certainly do.

There are in the United States some 500,000 organized churches and synagogues, and an additional 29,000 private welfare agencies.¹⁶⁸ The challenge is to permit these "mediat-

161. *Id.* at 35.

162. *Vigilante, A Successful Test of the Agenda in D.C.*, Wash. Times, Jan. 17, 1985, at D1, col. 1.

163. *Id.*

164. *Id.*

165. *Id.*

166. *Id.*

167. *The Urban Crisis* 4 (American Enterprise Inst. Forum 52, May 7, 1981).

168. P. BERGER & R. NEUHAUS, *TO EMPOWER PEOPLE: THE ROLE OF*

ing structures," as they are often called, to assume a greater role in the efforts against poverty, much as the mutual aid societies did for the Italian immigrants. The most ready means of accomplishing this goal is by gradually reducing the scope of public relief efforts. Studies indicate that increases in federal spending programs have led to a decline in private charitable giving, although the correlation is far from certain.¹⁶⁹ In any event, the salient consideration is that in the absence of extensive public assistance, the poor and their more affluent neighbors tend to mobilize. The Italian immigrants did so by forming mutual aid societies. Korean businessmen have created rotating credit associations to assist less successful compatriots.¹⁷⁰ When the Reagan administration announced plans to curtail social spending, black leaders urged that alternatives to government programs be found.¹⁷¹

Accusations of callousness, inevitable when proposals to reduce welfare programs are forwarded, ring hollow when one considers the plight of the urban poor in the wake of enormous expenditures. Reductions in such programs must be made not because the poor are to be abandoned, but because they deserve, like the poor before them, the opportunity to better their lot. Certain programs, such as programs for the elderly, disability insurance, and school lunch programs should be retained. All other federal programs should be gradually but systematically reduced. The ultimate impact of the reductions would be twofold. First, they would underscore to the poor that they, like their predecessors, can and must rely on their own initiative, determination, and perseverance. And secondly, when it is simply impossible for them

MEDIATING STRUCTURES IN PUBLIC POLICY 27, 34 (1977).

169. Abrams & Schmitz, *The Crowding Out Effect of Government Transfers on Private Charitable Contributions*, 33 PUB. CHOICE 20-40 (1978). But see Levitan & Johnson, *supra* note 130, at 79, who write:

Empirical evidence casts considerable doubt on the proposition that federal social welfare expenditures are crowding out private charity. The Urban Institute finding that two-thirds of the existing non-profit organizations have been founded since 1960 and flourished during a period of rapid government expansion runs counter to conservative claims. The proportion of Americans willing to volunteer a portion of their time in service to others has also increased during the past two decades. The few studies that have examined government expenditures and volunteer effort in areas of higher education and social welfare have found no clear or significant relationship between these two factors.

170. Bell, *supra* note 47, at 30.

171. See, e.g., Chicago Tribune, Sept. 16, 1985, at 7, col 1.

to do so, those institutions closest to the individual would be encouraged to lend a helping hand.

Can the poor in modern America survive without massive federal assistance? Consider the case of the illegal immigrants, and in particular the illegal immigrants from Mexico. They arrive in this country overwhelmingly poor, uneducated, and unskilled.¹⁷² Yet they almost entirely avoid the welfare system. Less than 5% of illegal immigrants receive any form of public assistance, including food stamps, medical benefits, or welfare.¹⁷³ While no one would necessarily point with pride to the living conditions among the illegals, they may in fact be better than those in many "native" ghettos.¹⁷⁴

In any event, the presence of a large number of poor illegals unassisted by government programs has not resulted in widespread social chaos. There is strong evidence that they have been catalysts in economic expansion in the areas in which they exist in large numbers, which is far more than can be said for "native" urban ghettos in general.¹⁷⁵ Indeed, illegal aliens occupy much the same economic position as the Chinese and Italians upon their arrival in the United States.¹⁷⁶ Whether they will follow the same route to upward mobility may well rest on their ability to avoid, as their immigrant predecessors did, the public relief syndrome.

Turning the bulk of initiatives to help the poor to private relief efforts has three primary benefits. First, private organizations would likely be more effective in reaching the very poor. As Berger and Neuhaus observe, no one need show the Salvation Army how to care for the least fortunate among us.¹⁷⁷ Secondly, the limited nature of assistance pro-

172. *The Disappearing Border*, *supra* note 59, at 31.

173. Simon, *In Favor of Immigration*, *INQUIRY*, May 1983, at 21.

174. *A Melding of Cultures*, *TIME*, July 8, 1985, at 38.

175. A study by the Urban Institute found, for example, that large-scale illegal immigration did not depress, and perhaps increased, per capita income in the state. The study concluded that on balance the economic benefit of the illegals presence has outweighed their cost. Fallows, *Immigration, How It Is Affecting Us*, *ATL. MONTHLY*, Nov. 1983, p. 55.

176. [W]here the Chinese were tolerated, it was in occupations urgently needed and that white men were reluctant to fill—cooks and laundrymen in the mining camps, for example, or as domestic servants in the cities. The early Chinese were also agricultural field laborers, working low hours for low pay. In 1870, about one-tenth of all farm labor in California was Chinese, and by the mid-1880's, more than half were Chinese.

T. SOWELL, *supra* note 27, at 138.

177. P. BERGER & R. NEUHAUS, *supra* note 168, at 32.

vided by mutual aid societies, private charities, and other private institutions assures that recipients are aware that such assistance is temporary, and that they are ultimately responsible for their fate and that of their families. It is infinitely more facile to rationalize dependency when the source is an impersonal bureaucracy against which the recipient has rights than it is when the donor is a neighborhood institution with which he is personally acquainted and which has the discretion to terminate assistance. Finally, shifting relief efforts to parishes and other local voluntary associations helps to restore the link between the poor and the non-poor by making the poor a presence in the lives of ordinary Americans, rather than remaining the province of disinterested bureaucrats.

In view of the bishops' recent call to action, Catholics have a special obligation to make a personal commitment to assist the needy. Caesar Arredondo, a member of the Lay Commission on the U.S. Economy, points out that the forty-four million non-poor Catholics could make significant contributions in reducing the poverty of the eight million poor Catholics, and enumerates a number of innovative proposals to that end.¹⁷⁸ Similarly, Michael Novak has noted that the number of non-poor religious persons in the United States outnumbers the eighteen million poor children by a margin of at least five to one.¹⁷⁹ Surely such ratios could be channeled to assist needy children, who more than all others are blameless for their plight. The Catholic social doctrine of "subsidiarity" clearly recognizes the value of addressing social problems with such individualized and local efforts.¹⁸⁰

None of this should obscure what is perhaps the more compelling consideration in the effort against poverty—the demise of the family unit among the poor, and in particular the black poor. Resurrecting mutual aid societies and other

178. Arredondo, *Help the Poor Now*, CATHOLICISM IN CRISIS, Feb. 1985, at 14, 14-16.

179. Novak, *Christmas: Focusing on Poverty*, NAT'L REV., Dec. 28, 1984, at 37.

180. "The third basic principle of Catholic social thought mediates between the first two; it is *the principle of subsidiarity*. Recognizing that individual persons are tied by complex webs to many different social bodies—to families, neighborhoods, local communities, particular cultures, nations, and the global community as a whole—the principle of subsidiarity holds that social decisions ought to be taken by the communities closest to the relevant concrete realities, and by the next higher level of social organization only when the lower cannot effectively do so." *Lay Letter*, *supra* note 112, at 9.

private relief efforts will not in itself revive family life and values. That task will rest largely with the poor themselves, who must recognize that they can ill-afford to break up their families or to reject responsibility for their offspring. Reductions in social spending would hopefully help to bring this message home. Churches, and in particular the black churches, can play a role in the effort. Leaders can urge and inspire. But ultimately, the determination must come from within. In this struggle, the best hope is that the poor will understand the roots of their poverty better than have the policymakers.

