

LESSONS FROM THE LEAST OF THESE

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I approach the topic of poverty from the perspective of a radical pragmatist. Eighty percent of my closest friends are ex-something, because I have worked most of my professional life in the Center for Neighborhood Enterprise, an organization I founded 34 years ago. Prior to that, I was involved in the Civil Rights Movement. Then in the 1960s, I was mugged by reality and joined the American Enterprise Institute (AEI). I went there to work with Peter Berger and Bob Nesbitt, who were studying the role of “mediating structures” or intermediary institutions like families, churches, and other voluntary associations.¹ They asked me to go in-residence at AEI to write about these subjects from the perspective of a practitioner, someone on the front lines in low-income neighborhoods finding solutions.

I left the Civil Rights Movement in the late 1960s when I realized that a lot of poor blacks were the victims of a bait-and-switch game, in which we generalize about all the conditions of blacks and, as a result, the remedies help only those at the top who are well-educated. I find the same problem as we look at the issue of poverty as a whole.

We cannot generalize about poor people. I have identified four categories of poor people. There are those in Category One whose characters are intact but have who have no money because they have lost a job or a breadwinner has passed away. There are others in Category Two whose whose characters are intact but, as a result of our welfare system’s perverse incentives to stay single and unemployed, conclude that achieving is not worth it. In Category Three, there are people who are disabled and need help, though even in the disabled population, you have people who are discouraging their children to read because they will lose a \$600 Supplemental Security Income (SSI) check. Finally, there are those

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1. Brad Lowell Stone, *Mediating Structures*, FIRST PRINCIPLES (Apr. 9, 2012), [http://www.firstprinciplesjournal.com/articles.aspx?article=348&\[https://perma.cc/CRA6-239W\]](http://www.firstprinciplesjournal.com/articles.aspx?article=348&[https://perma.cc/CRA6-239W]).

in Category Four, individuals with character deficits who are poor because of the chances they take and the choices they make.² Category Four concerns most of us. Those are the people that, given money and services, are injured by a helping hand.

When we generalize about the poor, we have problems finding solutions for poverty. People on the Left tend to look at all poor people as if they fall into Category One, while people on the Right tend to look at all poor people as if they fall into category Four. Therefore, we miss each other when considering remedies. The people in Categories One and Two use the system in the way it was intended, as an ambulance service, not a transportation system. They receive help, but then they move off. Applying the same remedies to Category Four, however, is disabling to those people.

It is also true that we did not associate poverty and pathology until the 1960s.³ The black community is often a moral barometer of the health of the nation. Yet, in ten years of the Depression, when the United States had a negative GNP and a nearly 25 percent unemployment rate⁴ and the unemployment rate in the black community was over 40 percent,⁵ the marriage rate in the black community was higher than it was in the white community despite times of economic deprivation and racism.⁶ In 1925 in New York City, 85 percent of black families had a man and

2. Robert L. Woodson Sr., *The 4 Types of Poverty, and How to Cure Them*, DAILY SIGNAL (Sept. 20, 2015), <http://dailysignal.com/2015/09/20/the-4-types-of-poverty-and-how-to-cure-them/> [<https://perma.cc/283D-GDGC>].

3. Stephen Suh & Kia Heise, *Re-evaluating the "Culture of Poverty"*, SOC'Y PAGES (Oct. 14, 2014), <https://thesocietypages.org/roundtables/culture-of-poverty/> [<https://perma.cc/P7BK-NAZN>] ("It wasn't until Daniel Patrick Moynihan's infamous 1965 study on the black American family (often dubbed 'The Moynihan Report') that the 'culture of poverty' idea set off a firestorm. Moynihan described the problems of inner-city black families as stemming from a 'tangle of pathology,' characterized by single-mother families and unemployment.").

4. Robert F. Margo, *Employment and Unemployment in the 1930s*, 7 J. ECON. PERSP. 41, 43 (1993).

5. William A. Sundstrom, *Last Hired, First Fired? Unemployment and Urban Black Workers During the Great Depression*, 52 J. ECON. HIST. 415, 417 (1992).

6. James H. S. Bossard, *Depression and Pre-Depression Marriage Rates: A Philadelphia Study*, 2 AM. SOC. REV. 686, 693-94 (1937) ("Black majority census tracts showed a 52.4% depression marriage rate whereas native-born-White majority census tracts and Irish majority tracts showed 28.2% and 26.3%, respectively. The Russian majority tracts showed a 45.4% depression marriage rate and the Italian majority tracts a 34.1% rate.").

woman raising children.⁷ In stark contrast, in 2015, the black illegitimacy rate was close to 75 percent.⁸

Fred Siegel's book *The Future Once Happened Here*,⁹ from the Manhattan Institute, is very telling. He explained that radical liberal social activists in the 1960s concluded that one of the ways to reveal the moral shortcomings of capitalism was to flood the system with welfare recipients.¹⁰ In detaching work from income, and thereby diminishing men and the role they played as fathers,¹¹ welfare dependency, drug addiction, and school dropouts would increase, ultimately "opening [the nation up] to radical change."¹² These policies, espoused by Carl Piven and others, were followed by government action to actually recruit people into the welfare system.¹³ These efforts lifted the stigma of welfare as social insurance and replaced it with the idea of "welfare rights," and in the case of blacks, replaced it with the idea of reparations.¹⁴ Thus the black family and other families began to decline, followed by out-of-wedlock births and poverty.¹⁵

The question that I want to address, but to which I do not often hear a satisfying answer, is: "What are the solutions?" When I read Robert Putnam, Charles Murray, Lawrence Mead, and other scholars, they are long on the analysis of the problem but short on the solutions.¹⁶ Thus, I would like to offer what I

7. Walter E. Williams, *The True Black Tragedy: Illegitimacy Rate of Nearly 75%*, CNSNEWS.COM (May 19, 2015), <http://www.cnsnews.com/commentary/walter-e-williams/true-black-tragedy-illegitimacy-rate-nearly-75> [https://perma.cc/D93F-ABPX].

8. *Id.*

9. FRED SIEGEL, *THE FUTURE ONCE HAPPENED HERE* (1997).

10. *See id.* at 60–61.

11. *See id.* at 67–68.

12. *Id.* at 60–61.

13. *Id.* at 62.

14. *Id.* at 59.

15. *Id.* at 68.

16. Those who reviewed Putnam's work have noticed that his solutions were incomplete. *See* Jason DeParle, 'OurKids,' by Robert D. Putnam, N.Y. TIMES (Mar. 4, 2015), http://www.nytimes.com/2015/03/08/books/review/our-kids-by-robert-d-putnam.html?_r=0 [https://perma.cc/5RWE-JWL2] (reviewing ROBERT D. PUTNAM, *OUR KIDS* (2015)) ("What he omits, however—sometimes maddeningly—is a discussion of the political or economic forces driving the changes he laments."). Murray's work faces similar criticism. *See* Nicholas Confessore, *Tramps Like Them: Charles Murray Examines the White Working Class in 'Coming Apart'*, N.Y. TIMES (Feb. 10, 2012), <http://www.nytimes.com/2012/02/12/books/review/charles->

believe are solutions. We have the word “enterprise” in our name because we believe that the principles that operate in our market economy should operate in our social economy, and that our market economy is driven by entrepreneurship.

We recognize that the percentage of the people in our market economy are entrepreneurs is in the single digits,¹⁷ yet they generate 70 percent of the jobs.¹⁸ This is where all the imagination occurs. The iPhone, which accounts for around 60 percent of Apple’s income,¹⁹ did not exist nine years ago.²⁰ Imagination and innovation drive our market economy.²¹ In our social economy,

murray-examines-the-white-working-class-in-coming-apart.html [https://perma.cc/KY88-VTW4] (reviewing CHARES MURRAY, *COMING APART: THE STATE OF WHITE AMERICA, 1960–2010* (2012)) (“You will learn about working-class laziness, but you will find little discussion of the decline of trade unions or the rise of a service economy built on part-time work without benefits.”). Mead’s work does not escape criticism, either. See Laurence E. Lynn, Jr., *Book Reviews*, 6 J. POL’Y ANALYSIS & MGMT. 451, 456 (1987) (reviewing LAWRENCE M. MEAD, *BEYOND ENTITLEMENT: THE SOCIAL OBLIGATIONS OF CITIZENSHIP* (1986)) (“[W]hen Mead urges that ‘somehow the rhetoric of equal rights that dominates federal politics must be turned around to justify equal obligations as well,’ the word ‘somehow’ reverberates like a knell. How?”).

17. Although the estimates of the percentage of the U.S. population who are entrepreneurs vary from study to study, the percentage is generally low. The Kauffman Foundation conducted a study regarding “the Rate of New Entrepreneurs,” defined as “the percentage of the adult, non-business-owner population that start a business each month,” which concluded that “[i]n 2014, an average of 0.31 percent of the adult population, or 310 out of 100,000 adults, created new business each month.” ROBERT W. FAIRLIE ET AL., EWING MARION KAUFFMAN FOUND., *THE KAUFFMAN INDEX: 2015 STARTUP ACTIVITY NATIONAL TRENDS 10* (June 2015) (emphasis added). Another study estimates that around 9 percent of the U.S. population are entrepreneurs. See LOUIS E. BOONE & DAVID L. KURTZ, *CONTEMPORARY BUSINESS* 189 (2010).

18. Michael Mazerov, *Startups Fuel Job Growth, Animated*, CTR. ON BUDGET & POL’Y PRIORITIES (Feb. 5, 2016), <http://www.cbpp.org/blog/startups-fuel-job-growth-animated> [https://perma.cc/3SSX-H24H] (“[S]tartups and high-growth firms—which are likely to be young—accounted for about 70 percent of all new jobs in the U.S. economy.”).

19. Sam Thielman et al., *Decline in iPhone Sales Leads to First Revenue Decline in 13 Years for Apple*, *GUARDIAN* (Apr. 27, 2016), <https://www.theguardian.com/technology/2016/apr/26/apple-iphone-first-revenue-decline-13-years> [https://perma.cc/G8YP-YY9C] (stating that the iPhone accounts for nearly two-thirds of Apple’s revenue).

20. *8 Years of the iPhone: An Interactive Timeline*, *TIME* (June 27, 2014), <http://time.com/2934526/apple-iphone-timeline/> [https://perma.cc/9L4B-ZUZR] (“[T]he very first iPhone was sold on June 29, 2007.”).

21. Jay S. Walker, *The Power of Imagination*, *WALL ST. J.* (Feb. 25, 2013), <http://www.wsj.com/articles/SB10001424127887323549204578315882921881920> [https://perma.cc/BXG2-XN9N] (“People talk about wanting more innovation. But

however, it is just the inverse. In our social economy, we can waste millions of dollars, even if it is well-managed by well-credentialed people, because we assume that certification is synonymous with qualification.²² And so our experts are those who study people and not those who produce outcomes.²³

In our market economy, almost 70 percent of all our pharmaceutical discoveries comes from untutored sources like the rainforests of Brazil, or the monks in Tibet who are seemingly inactive, yet produce results.²⁴ Then smart people come along and see what these “unsmart” people do. We take their inventions, bring them here and market them. Consider the drug Reserpine. In the 1950s, researchers from Summit, New Jersey, went to Tibet and saw that the monks were using certain herbs to calm people after they went into religious frenzies. That was the foundation of sedatives.²⁵ Thus, it is a common practice in our market economy to use untutored sources as a source of new knowledge.²⁶

innovation is a process result. Imagination is the fuel. You’re not going to get innovation if you don’t have imagination.”).

22. See Peter Cappelli, *Skill Gaps, Skill Shortages and Skill Mismatches: Evidence for the US* 51, (Nat’l. Bureau of Econ. Research, Working Paper No. 20382, 2014), <http://www.nber.org/papers/w20382.pdf> [<https://perma.cc/MKN5-6HRD>]. There are many important reasons for being concerned about education, but seeing it as the equivalent of skill is certainly a mistake. One of the unfortunate consequences of using education as the proxy for skill has been to see schools, the providers of education, as the mechanism for dealing with skill problems and leaving training and on-the-job experiences out of the story. *Id.*

23. See Glenn E. Hoover, *The Failure of the Social Sciences*, 3 AM. J. ECON. & SOC. 89, 89 (1943) (“For some years the prestige of the social scientists has been falling while the problems they were expected to solve have become more complex and more urgent . . . The fundamental cause of our disrepute is that we have contributed so little which the world finds useful.”).

24. Gordon M. Cragg & David J. Newman, *Natural Products: A Continuing Source of Novel Drug Leads*, (June 1, 2014) (author manuscript) (available at <http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3672862/pdf/nihms468935.pdf> [<https://perma.cc/5HGU-GPV8>]) (pointing to a study showing that “only 36% of 1073 [new chemical entities discovered between 1981 and 2010] can be classified as truly synthetic (i.e., devoid of natural inspiration) in origin”).

25. Ciba Pharmaceuticals, which is incorporated in Summit, New Jersey, successfully extracted reserpine. See U.S. Patent No. 2,788,309 (filed Apr. 9, 1957); Nathan S. Kline, *The Challenge of the Psychopharmaceuticals*, 103 PROC. AM. PHIL. SOC’Y 455, 455 (1959).

26. Inventors quite often receive inspiration from nature. For example, George de Mestral invented Velcro after he noticed the burrs sticking to his dog’s fur, and August Kekule noticed benzene’s ring structure after observing a snake chasing

At the Center for Neighborhood Enterprise, we recognize, as we do in a commercial economy, that most of the entrepreneurs in our commercial economy are “C” students, not “A” students.²⁷ As the adage goes, the “A” students come back to the universities to teach, and the “C” students endow the universities with the money they have made.²⁸ Generally, the “A” students like to have all the answers to all of their questions before they act, and when they are finally ready to act, an opportunity may be gone. “C” students, on the other hand, are able to act in the presence of doubts and uncertainties, and are willing to fail and try again.

This applies to what we do at the Center for Neighborhood Enterprise. We go into low-income neighborhoods.²⁹ We do not do failure studies. We learn nothing by studying the failures of people, except how to create failure. If 70 percent of the families in these low-income neighborhoods are raising children that are dropping out of school, are in jail, or are on drugs, it means 30 percent are not. We go into those 30 percent of the functioning

its tail. See S. Rena Smith & Sandra K. Abell, *Using Analogies in Elementary Science*, 46 *SCI. & CHILD.* 50, 50–51 (2008).

27. That “A students work for C students” is an old, but popular, adage that seems to be gaining attention from entrepreneurs and parents concerned about their children’s education. See Sally Herigstad, *Q&A: Why Robert Kiyosaki Thinks our Education System is a Bust*, *YAHOO! FIN.* (Apr. 10, 2013), <http://finance.yahoo.com/news/q-why-robert-kiyosaki-thinks-120000985.html> [<https://perma.cc/3YGG-BPZJ>].

28. See, e.g., Gerard Baker, *Larry Summers vs. the Tiger Mom: A Live Debate with Amy Chua: Why A Students Become Academics and C Students Become Billionaire Donors*, *WALL ST. J.* (Jan. 29, 2011), <http://www.wsj.com/articles/SB10001424052748703956604576109962171060504> [<https://perma.cc/997H-KXUT>] (noting, albeit anecdotally, that among Harvard alumni, “A students became academics, . . . and the C students—the ones who had made the money—sat on the fund-raising committee.”).

29. The website for the Center for Neighborhood Enterprise lists the following “Founding Principles”:

- 1) Low-income individuals and neighborhood-based organizations should play a central role in the design and implementation of programs to address the problems of their communities;
- 2) An effective approach to societal problems must be driven by the same principles that function in the market economy, recognizing the importance of competition, entrepreneurship, cost efficiency, and an expectation of return on investment; and
- 3) Value-generating and faith-based initiatives are uniquely qualified to address problems of poverty that are related to behavior and life choices.

CTR. FOR NEIGHBORHOOD ENTER., <http://www.cneonline.org/about-cne/> [<https://perma.cc/B6QG-U8BF>] (last visited Jan. 24, 2017).

households and locate the source of the knowledge and experience that is causing people to succeed and achieve in the midst of these toxic communities. Then we try to apply “Miracle-Gro” in terms of training and technical assistance, acting as venture capitalists. By going in and applying resources and information that enables them to take what works among the 30 percent, we can apply it to the 70 percent of those dysfunctional households, and work to improve them.

In 1973, in Washington, D.C., we worked with a group of residents in public housing in Kenilworth Park. Kimi Gray, a 19 year-old woman abandoned by her husband and left with five children, got off welfare in three years and sent all five of her children to college.³⁰ Then she used her energy to take over the resident management of that property, helping to organize the residents.³¹ They formed the Resident Management Corporation, where they applied these principles.³² In the course of 12 years, 500 children from there went to college, welfare dependency went down, and these people found their strengths.³³

We studied that success, and then with former Congressman and Secretary of Housing and Urban Development Jack Kemp’s help, we held hearings to highlight these things that were working.³⁴ Additionally, we had the housing rules changed so the residents could receive the money that the housing authority was receiving, so they could hire other residents.³⁵ We saw drops in welfare dependency as well as dramatically reduced teen pregnancies because the residents’ indigenous leadership inspired people.³⁶

30. See Louie Estrada, *Public Housing Advocate Kimi Gray Dies*, WASH. POST (Mar. 4, 2000), <https://www.washingtonpost.com/archive/local/2000/03/04/public-housing-advocate-kimi-gray-dies/5a9cc90c-c993-4c33-a129-14bb9fc90089/> [<https://perma.cc/9HQQ-56QA>].

31. *Id.*

32. *Id.*

33. *Id.*; see also ROBERT L. WOODSON, NAT’L CTR. FOR POL’Y ANALYSIS, PRIVATE SECTOR ALTERNATIVES TO THE WELFARE STATE: A NEW AGENDA FOR BLACK AMERICANS 10–11 (1987).

34. See Robert L. Woodson, *What Jack Kemp Taught*, WASH. TIMES (May 8, 2009), <http://www.washingtontimes.com/news/2009/may/8/what-jack-kemp-taught/> [<https://perma.cc/BR5Q-JUPB>].

35. WOODSON, *supra* note 33, at 11.

36. *Id.*

The same thing happened in the Cochran Gardens public housing in St. Louis.³⁷ For three months, *60 Minutes* worked with us and did a 26-minute show on resident-managed public housing, reporting these successes.³⁸ Like Kenilworth Park and Cochran Gardens, there have been dramatic islands of excellence that defy the norm. It is interesting, however, that not a single researcher on the left or the right of center has ever taken the time to find out why or how those places were succeeding or the implications for public policy. *60 Minutes* could do it; PBS did a special on it,³⁹ but not a single researcher has done it.

Therefore I am suggesting that if we want to know what works to reduce poverty in America, we must go into these islands of excellence that have been created by the people living there, try to find out what they have done that defies conventional wisdom, and then host conferences and conduct studies regarding the people who are successful. We should fill our conferences, not with people who have failed but people who have succeeded, and we should put microphones and research in front of them to try to tell us what works. Rather than always studying failure, we should ask, "What lessons can be learned from people suffering from the problem?"

George Bernard Shaw asked the rhetorical question, "Must then a Christ die in torment in every age to save those that have no imagination?"⁴⁰ And Einstein said, "imagination is more important than knowledge."⁴¹ What we are lacking in our search for solutions is not just tinkering with the economic incentives by providing work requirements and drug testing for people. We must understand that we need cultural change.

Charles Murray, in his book, says he believes that the upper classes have a moral obligation to offer examples and instruction of success in order to lead the working classes and the poor out of the wasteland of failure.⁴² All is not well,

37. *Id.* at 12.

38. See ROBERT L. WOODSON, *THE TRIUMPHS OF JOSEPH: HOW TODAY'S COMMUNITY HEALERS ARE REVIVING OUR STREETS AND NEIGHBORHOODS* 46 (1998).

39. See *The New Urban Renewal: Reclaiming Our Neighborhoods*, PBS (1997).

40. See JOHN A. BERTOLINI, *THE PLAYWRIGHTING SELF OF BERNARD SHAW* 130 (1991).

41. Gregory N. Mandel, *To Promote the Creative Process: Intellectual Property Law and the Psychology of Creativity*, 86 *NOTRE DAME L. REV.* 1999, 2006 (2011).

42. See CHARLES MURRAY, *COMING APART: THE STATE OF WHITE AMERICA, 1960-2010*, at 285, 306 (2012).

however, among the upper classes. Among the families living in Silicon Valley, the suicide rate among teenagers is five times the national average,⁴³ and the median income is nearly \$95,000 as of 2014.⁴⁴ Eighty-seven percent of those families have two parents,⁴⁵ yet their children are jumping in front of freight trains and jumping off bridges in record numbers.⁴⁶ The same thing is happening in Plano, Texas.⁴⁷ Heroin addiction deaths are occurring in New Hampshire and in Northern Virginia.⁴⁸ So all is not well among the upper classes, and problems in all communities stem from more than monetary poverty. If some of the remedies to isolation and loneliness are similar to solutions that occurred in the low-income, toxic neighborhoods, perhaps low-income people can offer solutions to people in the upper classes as well. Perhaps we need to look for some new sources for a solution. And I contend, look among the broken if you want to be healed.

43. Yanan Wang, *CDC Investigates Why So Many Students in Wealthy Palo Alto, California Commit Suicide*, WASH. POST (Feb. 16, 2016), <https://www.washingtonpost.com/news/morning-mix/wp/2016/02/16/cdc-investigates-why-so-many-high-school-students-in-wealthy-palo-alto-have-committed-suicide/> [https://perma.cc/KSH8-DRGW].

44. Lauren Helper, *Silicon Valley Median Income Now \$94,572—43% Higher than the Typical U.S. Household*, SILICON VALLEY BUS. J. (Sept. 24, 2014), <http://www.bizjournals.com/sanjose/news/2014/09/24/silicon-valley-median-income-now-94-572-43-higher.html> [https://perma.cc/B3CN-QWH5].

45. See SILICON VALLEY CMTY. FOUND. CTR. FOR EARLY LEARNING, PARENT STORY PROJECT: PERSPECTIVES ON RAISING CHILDREN IN SILICON VALLEY (2014).

46. See Hanna Rosin, *The Silicon Valley Suicides: Why Are So Many Kids with Bright Prospects Killing Themselves in Palo Alto*, ATLANTIC (Dec. 2015), <http://www.theatlantic.com/magazine/archive/2015/12/the-silicon-valley-suicides/413140/> [https://perma.cc/6AEH-77R3].

47. Christina Corbin, *Grim Headlines, Hard Data Show Suicides on Rise Among Teens Nationally*, FOXNEWS.COM (Feb. 4, 2016), <http://www.foxnews.com/health/2016/02/04/grim-headlines-hard-data-show-suicides-on-rise-among-teens-nationally.html> [https://perma.cc/MH96-LQFN].

48. Haeyoun Park & Matthew Bloch, *How the Epidemic of Drug Overdose Deaths Ripples Across America*, N.Y. TIMES (Jan. 19, 2016), <http://www.nytimes.com/interactive/2016/01/07/us/drug-overdose-deaths-in-the-us.html> [https://perma.cc/56CU-UMQ9]; Jamie Forzato, *Dealing Death: The Heroin Epidemic*, WTOP (Mar. 16, 2015), <http://wtop.com/local/2015/03/dealing-death-heroin-epidemic/slide/1/> [https://perma.cc/X96H-XPGM].