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Commentary

What enterprise zones will do for the poor

When President Reagan said recently that the Great Society had failed to solve black America's problems, the protest were deafening. But Reagan was right. In spite of billions of dollars spent in federal programs, many critical problems persist.

One-fourth of all blacks and more than half of all black youths are unemployed, the schools have failed to prepare many young blacks to compete successfully in today's society and crime exists in crisis proportions in many black neighborhoods. Now, due to an initiative of the Reagan administration, states and localities are developing a new approach for directing revenues to solve these problems.

The enterprise-zone concept has the potential for developing into a comprehensive, free-market solution to problems which confront the poor, particularly in the inner cities.

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Rather than the failed strategy of creating more bureaucracies and more programs from Washington, the Reagan initiative entrusts the people with a new ability to direct their own climb from poverty.

A major element of the president's program is participation by neighborhood organizations and other private-sector institutions. Once properly encouraged to play an active role rather than to wait for government solutions, they would take advantage of unlimited opportunities for community action. Churches could create talent banks of available employees. Business associations and individual firms could be induced to provide jobs. Various community institutions could establish job-training programs for those without fundamental skills.

The Department of Housing and Urban Development has outlined a mechanism by which state and local governments can encourage neighborhood self-help activity. The state and locals, HUD says, could trans-

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fer abandoned, unused properties to organizations of enterprise-zone residents.

Having property which could be leased to investors, the neighborhood organizations would find it in their interest to enhance the attractiveness of their properties to potential tenants, thus improving the overall community environment. Crime watches and clean-up campaigns can add hundreds of thousands of dollars to the value of real estate in a single block. These are examples of the kinds of community-initiated activities which could emerge when the proper incentive was offered.

The sale or leasing of property to entrepreneurs would provide capital for other neighborhood projects. As part of the lease agreement, for example, businesses could be required to provide certain social services to the neighborhood: These could include day-care centers, job-

training programs or even jobs for the residents.

Inspired by the Reagan initiative, the state of Kentucky has enacted enterprise-zone legislation which calls for the transfer of all unused state and city-owned property in designated zones to neighborhood organizations. The Kentucky law prescribes that "incorporating residents shall draft a charter and by-laws for the association suitable for doing business in corporate form." The corporation's charter should spell out "the manner in which a stock interest in the corporation shall be offered to each resident of the neighborhood."

Several weeks ago, Gov. James Thompson, R-Ill., signed an enterprise-zone bill authorizing transfers of idle public properties to neighborhood self-help groups in his state.

On the local level, such cities as

St. Louis and Norwalk have taken action. The enrichment of the inner city poor, facilitated by enactment of the new Kentucky and Illinois laws as well as by several local initiatives, will have far greater and more lasting benefit than any of the Great Society programs.

The Sabre Foundation, a Washington-based research group, played a key role in development of the neighborhood enterprise-association proposal. According to them, it is the poor themselves — through neighborhood organizations — who have the potential to become the most powerful force for improvement in the inner cities. "At a time when traditional revenue sources are being cut back, cities can ease fiscal strains substantially by transferring functions to self-assessing associations of property owners," the foundation reports.

Transferring idle public lands to contractual neighborhood organizations gives all active residents a stake in the economic success of their neighborhoods. Self-help efforts,

combined with the powerful tax incentives of the Reagan enterprise-zone proposal, would enable the poor to improve their own neighborhoods as they never have done before. The residents themselves would have a dynamic impact in alleviating such critical problems as crime and unemployment, inadequate housing and failing education. What they need, above all else, is encouragement to take action themselves rather than simply to wait for government to care for them.

The words "black" and "poor" are not synonymous, of course. But the fact that many people use the words interchangeably is testimony to the condition of too many black Americans. As innovative policies such as the enterprise-zone strategy are applied to help the poor, the condition of many black Americans necessarily will be bettered. Their neighborhoods will be improved and their opportunities expanded, results which government-focused programs and increased federal spending have failed to accomplish.

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Absurd anti-tuition tax credit arguments

There was obvious benefit in having President Reagan announce his support for tuition tax credits as bills were being introduced in Congress. But much remains to be done before these bills become law. One of the biggest problems facing supporters is the prevalence of absurd arguments against tuition tax credits.

Chief among these is the argument that tuition tax credits are unconstitutional. But since the Reagan initiative allows parents to take credits against tuition paid for their children to attend non-sectarian as well as religious-affiliated schools, it does not violate any separation of church and state clauses.

Interestingly, those who oppose tax credits because some beneficiaries choose religious affiliated schools would fight for dear life to protect tax deductions on charitable contributions although many charitable contributions go to religious organizations.

Collection plate donations are intended to help churches advance their religious mission. Tuition is not paid to benefit institutions but to benefit individuals in their personal academic endeavors. Thus, if church contributions are constitutional, tuition tax credits should be also.

Another ridiculous argument waged against tuition tax credits is that the initiative treats tuition differently from any other service. When President Reagan says his intention is to correct a basic injustice in the tax code, opponents respond by saying, "OK, then, let us also have recreation tax credits

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if our children play tennis at a country club rather than at public courts. Let us have crime prevention tax credits if we hire security guards to patrol our neighborhoods rather than relying on the metropolitan police."

But Reagan is right; the detractors are wrong. To think that the country club and private patrol cases are analogous to the tuition case is to ignore two basic facts. First, when children attend private or parochial schools, they do not attend public schools. These are mutually exclusive. But if a tennis player finds the country club courts booked, he can always use a taxpayer-supported court as a second option. Private guards may patrol a community, but taxpayers still pay local police to protect the citizens of that community.

The other important distinction is that children are required by law to attend school. No one is required to play tennis. Tax credits on tuition is reasonable. Tax credits on recreation and police protection is ridiculous.

A third ridiculous argument waged against tuition tax credits is that the plan will resegregate schools. I guess people who ascribe to the resegregation

argument assume tax credits will cause white parents to dash off in search of academic excellence (private schools) while black parents sit still. No assumption could be more unrealistic.

Realizing that a quality education is imperative if their children are to succeed in life, black parents behave in the same manner as white parents when it comes to the selection of their children's schools. Blacks are fleeing inadequate schools in droves. They account for more than 15 percent of Lutheran school enrollment and as much as 20 percent of Catholic school enrollment in urban areas.

In many cases, private schools are more integrated than public schools. Tax credits will not alter this reality.

These arguments are ridiculous, but opponents of tuition tax credits will continue forever with them. Such arguments place debate at the level of the emotional and thereby divert voters' and policy makers' attention from the purpose of the plan.

When people are yelling and screaming that the tuition tax credits movement is racially motivated, for example, few stop to think that blacks are leaving the public schools at break-neck

pace. Moreover, few stop to think about the fact that in such cities as Washington, D.C., private and parochial schools are more integrated than public schools.

For tuition tax credits to become a reality, a vigorous campaign must be waged by supporters. They must effectively point out that there are many inadequate public schools in which poor children are trapped. They must illustrate how tax credits will enable more low- and moderate-income parents to choose the schools best suited to meet their children's educational needs. They must explain how the competition resulting from the parents' ability to choose will lead to improvement in the quality of poor public schools.

The supporters of tuition tax credits must maintain that the plan is not racist or elitist, but just. They must help people understand that it is not the millionaires who will benefit, but the poor.

For tuition tax credits to become a reality, the advocates must not let the ridiculous arguments of their opponents cause them to compromise. Tuition tax credits are in the best interest of every American who is interested in quality education.



NEWS ANALYSIS

THE CARIBBEAN BASIN INITIATIVE:
A MAJOR STEP TOWARD STRONG FREE MARKET ECONOMIES

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April 15, 1982

President Ronald Reagan delivered a major foreign policy speech on February 24 to the Organization of American States. He used that speech, which outlines what is being called the Caribbean Basin Initiative, to warn: "If we do not act promptly and decisively in defense of freedom, new Cubas will arise from the ruins of today's conflicts."^{1/}

The assumption guiding the Caribbean Basin Initiative is that economic aid is an investment in stability in the region. Stated differently, the concept is that prosperity for the Caribbean nations and their citizens will forestall revolution.^{2/} The argument that aid to Caribbean nations would thwart the spread of communism in the Western Hemisphere was echoed by a State Department official who said, "The Caribbean Basin Initiative can't save El Salvador. It can't save Guatemala either. But it can help avoid other El Salvadors. At this turbulent turn, even that would be a major victory."^{3/}

Prime Minister Edward Seaga of Jamaica applauded the Caribbean Basin Initiative, calling it "bold, historic and far-reaching in concept." Officials from the Dominican Republic called the plan the most serious effort at international cooperation in twenty years.^{4/} But praise was not limited to foreign leaders. The President's plan received favorable reviews on Capitol Hill as well. Both House Speaker Thomas O'Neill (D-MA) and conservative Senator Jesse Helms (R-NC) said the plan was on the right track. Liberal Congressman Stephen Solarz (D-NY) praised the plan, saying, "An ounce of prevention now is worth ten pounds of cure later on. If we had had programs like this before, we would not be in trouble now."^{5/}

The Caribbean sea lanes are very important to the United States. Nearly half of U.S. trade, two-thirds of America's oil imports and more than half of America's strategic metal imports pass through the Gulf of Mexico or through the Panama Canal.^{6/} As this nation has done to protect its interests elsewhere in the world, the U.S. has formulated a military plan of action. But this new Caribbean program goes beyond military strategy and provides for economic assistance as well. Reagan calls the provision of economic assistance the "centerpiece" of the plan. It includes:

- * Emergency aid of \$350 million for several of the most distressed countries.
- * Elimination of duties on all Caribbean imports, except textiles and apparel, and elimination of duties on sugar up to a certain limit.
- * The promotion of U.S. private investment.^{7/}

JAMAICA AS TEST CASE

Prior to delivery of his speech to the OAS, President Reagan had begun to apply this strategy to aid the Caribbean island nation of Jamaica. He asked Chase Manhattan Bank's David Rockefeller to form a working group of business leaders who could promote investment and give Jamaica technical assistance. As a result of the group's effort, Control Data Corporation has undertaken a major computer technology program, United Brands is investing in new plantations for pineapples and bananas, and a consortium of companies is looking into increasing Jamaica's bauxite production.^{8/}

Reagan's assistance to Jamaica was not limited to urging private sector investment. He also got the government involved, with U.S. foreign aid to Jamaica exceeding that extended to any other country in the world, per capita, except Israel.^{9/} The U.S. has also agreed to buy 1.6 million tons of Jamaican ore for America's strategic stockpile. The idea is that an economic success story in Jamaica would be "a riposte to communist Cuba and a beacon of hope for other Caribbean countries."^{10/}

But, not everyone was convinced that the plan would be successful. Samuel Hayden, president of the Council of the Americas, an organization representing more than 200 American companies with interests in Latin America, does not view the plan as a panacea. Speaking pragmatically, Hayden pointed out that "the main problem in the Caribbean is the lack of an infrastructure of airports and transportation facilities to support new industries." And, according to Hayden, "there is the question of security. Until that is resolved, I feel there will be little foreign investment in the region."^{11/}

It must be noted, however, that Seaga has been quite successful at attracting foreign investment to Jamaica. In the first year of his Administration, the quasi-official Jamaican National Investments Ltd. received more than 400 proposals valued at more than \$1 billion collectively. Yet, the thrust of Hayden's statement is correct. Much remains to be done in the Caribbean nations.

To facilitate economic growth, Jamaica's Seaga negotiated a \$698 million loan agreement with the International Monetary Fund, \$71 million in new credits from a consortium of 25 commercial banks, and \$162 million in foreign aid from the U.S. and Venezuela.^{12/}

However, overdependence on the international credit markets must be guarded against. If the fears of Hayden and potential investors are to be allayed, Caribbean nations cannot rely solely on aid from the U.S. or other foreign sources. They must develop their own initiatives to improve their domestic economies. Jamaica is an excellent example. Though Jamaica may be overextending itself in the credit markets, its record of local initiative is exemplary.

As part of a plan to make rural areas of the island "more dynamic," for example, Seaga proposed exempting all trucks used to carry agricultural products from stamp duty, customs duty, and retain sales tax. This has reduced the cost of vehicles in some instances by as much as 80 percent.

Moreover, Seaga announced a long-range plan to upgrade buildings, roads and other facilities in smaller towns. This program should resolve the infrastructure problem spoken of by Hayden.

Also, the Seaga Administration has had good success in reviving their ailing tourism industry. Along with beefing up crime prevention efforts to assure safety for tourists, the government has erected billboards all over the island bearing the message, "Tourism - It's for Everyone," as part of the strategy to encourage Jamaican citizens to make visitors welcome. As Minister of Tourism Anthony Abrahams has said, "The people's attitude is conditioned by their government. The whole thrust of the Seaga government is to erase the attitude that Americans are white imperialists engaged in espionage, sabotage, and the undermining of the Jamaican economy. They are not coming here to exploit, but are potential investor/tourists here to add something to the country." Seaga, whose father was a leading travel agent, sees tourism as the most likely stimulus for early recovery and the most immediate source of foreign capital.^{13/}

The U.S. has helped Jamaica in its effort to turn tourism around by approving a proposal to allow conventioners from the U.S. to deduct the cost of travel to Jamaica as a business expense on their federal income taxes. Only Canada and Mexico share this privilege with Jamaica. According to Abrahams, "The previous government's bumper year was 1979, and we are running well ahead of that figure, so we are landing more visitors now than ever before in our history."^{14/}

To help increase employment and to develop the indigenous handicraft industry, Seaga announced last June the expansion of a program called "Things Jamaican." The program will involve more than 12,000 workers in 250 villages in the first three years. They will be involved in design work, design training, and quality-controlled production and marketing of handicrafts. This new-found ability of craftspeople to market their work locally and overseas will have a positive effect on the Jamaican economy.

The list of positive steps taken by the Seaga Administration goes on. But one of the other models that Seaga has provided for all of the Caribbean nations is a sense of cooperation with neighbors.¹⁴ In October of last year, for example, Seaga visited with Puerto Rico's Governor Romero Barcelo. Following their meeting, Seaga announced that the two countries would have public and private sector committees studying opportunities for joint undertakings. He said Jamaican raw products could be shipped to Puerto Rico for further processing, and Puerto Rican assistance could be sought for Jamaica's low-income housing projects.^{15/} This cooperation is another way Caribbean nations can limit their dependency on international credit and foreign aid.

FREEDOM AT STAKE

Much hangs in the balance. There already exist countries in the Caribbean, such as Cuba and Grenada, which are strongly leftist. Other nations, such as El Salvador and Guatemala in Latin America, are experiencing tremendous turmoil as the present article is being written. Still others, such as the small island nation of St. Lucia, are in tremendous danger of turning to the left.

With charges of corruption leveled against him, Prime Minister Winston Cenac resigned as head of the government of St. Lucia. The front-runner in the campaign to succeed Cenac is George Odlum, leader of the left-wing Progressive Labor Party and former Foreign Minister and Minister of Information. A populist who campaigns in an army cap and fatigues in the style of Fidel Castro, Odlum would be no friend of democracy. As Minister of Information, he once shut down a radio station which was critical of him.^{16/} The consequences of an Odlum victory would be significant not only to the people of St. Lucia but to freedom-loving people throughout the Western world, especially Caribbean democracies. People in Barbados and St. Vincent fear that their governments could likely be toppled if St. Lucia joined forces with nearby Grenada.^{17/}

NEED FOR AMERICAN INVOLVEMENT

Political events in Caribbean Basin nations do not always pick up momentum on their own. The Soviets and the Cubans realize that the door to political takeover would be opened by the election of government leaders who are sympathetic to the left. In St. Lucia, the Western-oriented candidate who favors ties with the U.S., Canada, and the United Kingdom faces an uphill battle primarily because his left-wing opponent is receiving contributions from outside the country.

The Reagan Administration has been wise to put forward an economic assistance strategy. But no matter how important foreign aid seems, it is not a completely successful approach for helping democracies remain democratic. To help in this regard, the U.S. should export its most valuable commodity--Americanism. Citizens achieving high standards of living through a free market economy are not likely to allow their governments to be taken over by those who do not support the free market as a means of achieving prosperity for themselves and their fellow citizens.

Focus again on Jamaica. Former leftist Prime Minister Michael Manley left the Jamaican economy in shambles when he was voted out of office in October 1980. At the end of his reign, Jamaica faced massive debts, runaway inflation, shortages, and an overall unemployment rate greater than 30 percent. The state of the economy contributed to a high crime rate which caused many American and European tourists to forgo consideration of the once-popular Jamaica for vacations and conventions.^{18/}

Only six days before Reagan's election as President of the United States, Jamaican voters elected the Harvard-educated Edward Seaga as their new Prime Minister. In one year, Seaga has turned the economy around. He has revived the tourism industry. He has cut the crime rate in half. Many of Jamaica's professionals who saw it in their best interests to leave the nation during Manley's Administrations have begun to return home. And there is a tremendous sense of optimism among

Jamaican citizens that their country will be led by the pro-free enterprise Seaga up the road of growth and prosperity. But, it is important to remember, the Jamaicans will not remain optimistic forever.

The subheadline of a September 13, 1981, Los Angeles Times article indicates the reality of the Jamaican situation: "7-Year Economic Slide Ends But New Prime Minister Faces Problems."^{19/} A few examples:

Inefficiency within the government has prevented the approval and implementation of the majority of the foreign investment proposals Seaga vigorously sought early on.^{20/} Antiquated equipment and rising demand have led to serious power outages across the island, reducing production and jeopardizing new economic development activity.^{21/} Unemployment rates, which peaked above 40 percent while Manley was in office, are still miserably high at more than 30 percent.^{22/} The nation still is in need of an improved transit system.^{23/} And, though the shortages which characterized the Manley Administration exist no longer, prices of many available products are ridiculous, such as the more-than-\$2 price tag on a spool of thread at Woolworth stores in Ocho Rios and Montego Bay.^{24/}

To avoid a return to leftist policies, new ideas must be injected to improve Jamaica's economic conditions in the near term. The same must be accomplished in other Caribbean democracies. Thus, the sharing of Americanism is of the utmost importance.

EXPORTING AMERICANISM

One American institution which seldom has counterparts in Third World nations is the "think tank." In the U.S., these academic, or "educational," not-for-profit institutions are especially valuable to government officials. Think tanks study critical public policy matters and make information and data available to policymakers, prodding them to implement measures which would be effective in achieving desired change.

Conservatism once was described by President Woodrow Wilson as a philosophy of "make no change, and consult your grandmother when in doubt." And, for a number of years following Wilson's description, it seemed that most of the fresh ideas were being advanced by liberals and liberal think tanks such as the Brookings Institution.^{25/} But in recent years, more and more conservative educational institutions have developed to study policies democratic and international, economic and military. The present work is published by such an institute. The conservative, or free market oriented, think tank provides an excellent means for exporting Americanism to the Third World.

Focus once more on Jamaica for examples of how a free market institute could help a developing nation's government implement effective public policy.

Example: Since there exists a negative feeling among many Jamaicans about American imperialism, Seaga cannot focus strictly on attracting foreign investment. He also must find policies which will have direct and definite benefits for the Jamaican people. A free market institute could propose to Seaga a strategy similar to one which has been proposed to the Reagan Administration during the discussion of enterprise zones in the U.S.

By establishing equity positions for neighborhood organizations in publicly-owned buildings or land, citizens' attitudes toward business development could be reoriented. From revenues earned by leasing such properties to businesses, especially in tax- and regulation-free areas, neighborhood organizations would be able to finance a variety of service activities. Chief among these activities should be community watch and other crime prevention projects, since high crime rates would have a negative effect on their ability to make money. Other services which could be offered by empowered neighborhood organizations are quite important as well. With limited government resources in Jamaica and other Caribbean nations, the private provision of such services as child care would relieve part of the government burden.

Example: Antiquated equipment and increased demand have led to serious power failures early this year. One business, a shirt manufacturer, lost about 2½ days of production in the first two weeks of January. Researchers at the Urban Institute in Washington, D.C., have suggested ways America's energy problems could be addressed through greater cooperation between the utility companies and the communities they serve. A free market institute could assist the Seaga Administration or that of any other Caribbean democracy by sponsoring a project on improvement in the Jamaican energy situation.

Example: Transportation is a major factor in the establishment of an area as a commercial center. This factor is especially important in Jamaica. The Manley Administration failed to put in place an efficient transit system. Presently, the best way to travel from the airport into downtown Kingston is by taxi. With many taxi drivers making up the fares as they ride along, the 30 to 45 minute ride averages about \$15. The establishment of a private bus service could be quite beneficial.

Fifteen dollars is also the fare which could be paid for a taxi ride from LaGuardia Airport to midtown Manhattan. However, the Cary Bus line transports travelers the same distance for \$3.50. Travelers save quite a bit of money while Carey Bus does a booming business. And the taxicab industry has not suffered. This is the kind of private enterprise approach that could be proposed by a free market institutes.

Examples: The shortages which faced the Jamaican people during the Manley Administration are being solved. While previously there were fights in stores over the purchase of scarce items, the shelves are now well stocked. As was mentioned above, the problem now is price. Woolworth stores in Montego Bay and Ocho Rios sell 3-in-1 Oil for \$3.87 and spools of thread for more than \$2, quite high by American standards. There is nothing puzzling about these prices. They are a function of supply and demand. A free market institute could assist the Seaga Administration by outlining a strategy for bringing down prices by increasing supply.

Example: One of the reasons for the Jamaicans' difficulty in increasing the supply of many needed items is their currency laws. Many of the automobiles on the island reportedly are in terrible shape because of the difficulty in importing replacement parts. A free market institute could help the government by analyzing the currency laws in regard to their effects on trade and sharing the findings with policy-makers.

Example: Though the economy is improving under Seaga, there remain a large number of people without jobs. The frustration and anger caused by severe unemployment led to violence in the streets during the Manley Administrations. A free market institute could focus on the problem of unemployment in a way that is politically difficult for the government.

The expansion of the overall economy is the best remedy to the unemployment. But, there are a number of other factors which make a difference. Are some of the jobless unemployed because occupational licensure laws have kept them out of desired labor markets? Have minimum wage and prevailing wage laws prevented young people from stepping onto the first rung of the economic ladder? Have the schools failed to train young people for the jobs which exist?

Example: A small number of the more than 400 investment proposals which were made last year have been approved and implemented to date. The main problem is the inefficiency of the Jamaican government itself. A free market institute could help Jamaica by studying and seeking solutions to the problem. Is computerization needed? Should the Jamaican government contract with private firms to administer a specific economic development plan? These and other questions must be answered.

The free market institute, or think tank, proposal falls in line with what here shall be called The Lenczowski Plan. In a Fall 1981 Policy Review article, Dr. John Lenczowski, now a Reagan-appointed official at the U.S. Department of State, laid out his strategy regarding the exporting of Americanism.^{26/}

THE LENCZOWSKI PLAN

President Harry Truman once said, "The seeds of totalitarian regimes are nurtured by misery and want. They spread and grow in the evil and soil of poverty and strife. They reach their full growth when the hope of a people for a better life has died. We must keep that hope alive."^{27/}

Not only could Truman's words have been part of President Reagan's Caribbean Basin Initiative speech to the OAS, these words could have been used to define U.S. foreign policy for several decades. Beginning with the Marshall Plan and the Truman Doctrine, the economic-aid-forstalls-revolution assumption expanded to include such efforts as the Point Four program of technical assistance to underdeveloped countries, the Mutual Security Program to raise living standards in those countries, the Alliance for Progress, the Food-for-Peace program, Agency for International Development foreign aid programs, and active support of the World Bank and the International Monetary Fund.^{28/}

Dr. Lenczowski says that the problem with much of America's generosity to our foreign neighbors is that we have treated the nations of the Third World "much in the same way as we treat the inner-city ghetto: We send food stamps and welfare (foreign aid) for the poor, and when the natives get restless, we send in the police. And, just like the ghetto, the Third World continues to stagnate."^{29/} The programs most often applied in developing nations have been based on failing economic development concepts that were drafted "in response to the calamity of the Great Depression." The bankruptcy of these plans is evidenced by the large number of economic failures in countries which followed the generous advice of Western economic planners. More than \$300 billion in Third World debt is outstanding, with terribly little prospect of it ever being paid.^{30/}

One example of Western influence has been the infrastructure approach. To pay for the construction of railroads, dams, bridges, electrification projects and the like, Third World governments have borrowed large sums of money from international development banks and the largest Western commercial banks. To repay the loans, these governments have taxed their citizens at higher and higher rates, creating a situation in

in which the prosperity of the citizens diminishes while the foreign companies involved in the infrastructure projects grow richer.

"Reduced to its simplest terms, [this development theory] says: The key to prosperity is state investment, high levels of state debt, and high taxes. No country in history, much less the United States, ever became successful according to this formula,"^{31/} Dr. Lenczowski notes. This ill-advised formula, a classic case of "trickle-down" for developers, is the key strategy advanced and practiced by the Agency for International Development. That the formula failed to improve the quality of life for the masses of people in Third World nations should have come as no shock to anyone who understands economics or capitalism.^{32/}

An alternative to "trickle-down" foreign aid could be the Lenczowski Plan, which reads, inter alia, as follows:

[We] must export to the world the original (and currently revived) recipe of American economic success: free market growth, freedom to earn and dispose of ones labors, and production and distribution priorities guided by prices set by the democratic free market and not by an authoritarian elite.

We should thus encourage the removal of all those barriers to production such as excessive taxes and tariffs that destroy incentives; and abuse of the creation of money that destroys its utility as a reliable unit of account and store of value.

We should encourage common markets, common currencies, free trade areas, enterprise zones with tax holidays of the kind enjoyed in Taiwan and Sri Lanka, and private, as opposed to government-authoritarian, enterprise.

Since so much of the world is involved in agriculture, yet remains hungry, we should encourage agricultural reforms such as: adoption of private systems of rural credit; elimination of transportation restrictions, government-set food prices, and requirements that produce be

sold to the government (which forces farmers to subsidize government-run industrialization schemes); and the elimination or reduction of a myriad of taxes on land, marketing, income, exports, and so on.

Finally, foreign aid should be used as both a carrot and a stick to encourage free market institutions. For example, if a country's production incentives were being crushed by excessively high marginal tax rates, the U.S. government could propose that it significantly lower these rates, offering in return to pay for any revenue lost as a result of tax reduction. Since the budgets of such countries tend to be small, the sum would be negligible. Besides, in most countries where tax rates are prohibitive, revenue increases from tax reduction would vitiate the necessity of such payment.

Every weapon in this non-military arsenal must be deployed: international broadcasting, American libraries abroad, international education, cultural and visitors' exchanges, and distribution of books, pamphlets, television programs and films, the hiring of more foreign service information officers as well as foreign nationals (such as journalists) to work in U.S. information posts abroad, and the increased vocal use of international forums such as the U.N. for ideological offensives.

For too long, our voices of public information have been muted for fear of offending foreign governments we were trying to accommodate. Accommodation is surely a vital tool of diplomacy. But it never should still the voice of freedom.^{33/}

The case for the exporting of Americanism could not be made more dynamically than by Lenczowski. Implicit in his plan

is the idea that the U.S. must teach our neighbors in the Caribbean to fish rather than extend to them credit for a temporary meal card.

CONCLUSION

What is needed is the transporting of a positive vision consistent with traditional American values, the values which have made America a political success. Such developing countries as South Korea, Singapore, and Taiwan have made tremendous progress, with other Third World countries such as Sri Lanka and Ivory Coast moving toward economic success by trying the American way.^{34/} Other developing nations must get the message. Again, the idea of a free market institute, or think tank, is in keeping with The Lenczowski Plan and should be facilitated by the American private sector to serve the needs of target developing nations.

The citizens of the democratic Caribbean nations must be involved in their development. Certainly, a free market institute operating in the various countries would be quite helpful in this regard. The proposal demands our attention. The challenge is worthy of our involvement.

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A new view**Blacks and economic conservatism**

By Bill Keyes

(Second of three columns)

In his first piece of this three-part series, we discussed moral conservatism and black America. Our moral conservatism was illustrated by opinion poll findings that the great majority of blacks are opposed to abortion, by unscientific findings that most blacks favor prayer in schools, and by the fact that more than 12,000 District of Columbia citizens petitioned Congress to overturn a morally offensive sexual reform bill which was passed last fall by the D.C. Council and signed by Mayor Barry.

In this piece, the focus is turned from moral to economic matters. But rather than point out that most black citizens are conservative on economic issues, we will discuss free market approaches to solving the critical problems which face our people.

For decades, we have cast ballots for liberal candidates, hoping that their noble-sounding intentions would lead to solutions to such social and economic problems as unemployment and inadequate housing.

Yet, after having elected our so-called friends to office, we see that matters have gotten worse. In fact, their policies have contributed to the increasing severity of these problems.

The unemployment rate soars at an unacceptable level and the housing situation is disastrous, especially for those of us who live in urban areas.

Unemployment

One of the key reasons the liberals have failed to alleviate black youth unemployment is that they have refused to look at the facts.

The liberals have cited racism as the reason for the black youth employment rate remaining at

disasterously high levels. But racism alone cannot explain our young people's employment difficulties.

In the late 1940s and early 1950s, black youth had a lower unemployment rate than whites the same age. It is hardly true that employers were less racist in the 1940s and 1950s than they are in the 1980s. Yet, there is a vast gap between the unemployment rates for black and white youth today.

The most significant difference between the early 1950s and the early 1980s is the minimum wage. Every time the minimum wage has increased in the last couple of decades, the gap has widened between black and white youths' participation in the workforce.

Most liberal politicians oppose proposals for a youth differential to the minimum wage. They argue that the minimum wage is not adequate as is. Yet, studies indicate that the great majority of teenagers earning the minimum wage are from families with above average incomes. A reduction in the minimum wage for employment would lead to new employment opportunities for youngsters who really do need to contribute to their families.

Reductions in the Davis-Bacon prevailing wage law and a reduction in occupational licensure requirements would also help to alleviate the black youth unemployment problem.

Housing
The rental housing problem has gotten worse and worse through the years. As liberal politicians have protected tenants from high rental rates, they have destroyed opportunities for others to obtain rental units. People are not likely to invest money into rental housing when the government

limits the amount of profit available to them.

Moreover, many people who own rental properties decide to reduce maintenance as the cost of maintaining the properties exceeds the amount of profit allowed by law. The natural result is that the buildings are boarded up.

So then, not only are the opportunities for rental housing limited by government imposed rent controls, opportunities are reduced. Politicians should let the free market operate.

If property owners are allowed to set rental rates according to market circumstances, the following would happen: first, some landlords would raise rents. Second, more investment would be made for the construction and renovation of rental units. Third, construction and renovation would provide for a supply of housing adequate to meet the demand for such. Finally, with supply reaching or exceeding demand, the rents would level off or even go down as landlords compete for tenants.

In both the above cases of government intervention in the market, politicians endeavored to serve those who already enjoyed the benefit of the needed item - employment or housing - without regard to the resulting reduction of opportunities for those who would be seeking employment and housing.

As wages have been forced upward by government, youth unemployment has been forced upward. As rents have been held down by government, opportunities for people to secure rental housing have gone down.

Conservatives realize that a removal of government intervention would be of benefit to a far broader number of people, especially the neediest among us.

A new view

Blacks and moral conservatism

By Bill Keyes

(First of three articles)

If one should ask the first ten black people he passes on the streets of the District of Columbia or any other city whether they were liberal or conservative, at least seven or eight would consider themselves to be liberal. However, the seven or eight "liberal" blacks would probably give conservative responses to the majority of questions asked of them.

It would be easy to assume that the vast majority of black Americans are liberal. After all, leaders of major black civil rights organizations appear to be left of center on the political spectrum. And members of the Congressional Black Caucus have voting records which make liberal organizations very happy.

But conversations with black men and women on America's streets indicate otherwise. Likewise, the findings of public opinion polls indicate that blacks generally are more conservative than is suggested by the rhetoric and the votes of black leaders.

For example, the perception of many Americans — black and white — is that most blacks accept abortion as an acceptable practice. Moreover, it appears

that most blacks favor Federal funding for abortions as a way of bringing equality of choice between the affluent and the poor.

According to an opinion poll conducted by Data Black, a black owned and operated firm, only nineteen percent of blacks favor abortion. Only a portion of the nineteen percent support the expenditure of public money to pay for them.

Non-scientific samplings also suggest that most blacks endorse the idea of prayer in school along with the recitation of the Pledge of Allegiance and the singing of the National Anthem.

A demonstration of blacks' moral conviction was demonstrated by the presentation of 12,000 signatures petitioning Congress to overturn the Sexual Reform Act which was passed by the D.C. Council and signed by the Mayor.

The moral conservatism of blacks is deep-rooted. In fact, commitment to such principles as faith, hard work, sacrifice and family played a significant role in black people's ability to move from slavery to relative affluence in a short period of time.

If we continue to adhere to such principles rather than accept the erroneous notion that blacks

should necessarily hold liberal positions on critical issues, conservative principles will facilitate continued progress for blacks.

How Long Can We Go On This Way?

by William A. Keyes

Blacks—like all other Americans, unfortunately—have been conditioned since the early years to give only superficial consideration to public policy issues. Black Americans have not been taught that politics and public policy are for problem solving. Nor have we been taught how politics can be used to serve our interests. Instead, we have come to view politics as a trivial game in which the players seek to outwit each other.

Many black people have been blessed by God to the extent of being removed from such critical problems as unemployment, poverty and illiteracy. Yet, some of us entertain guests in our homes and discuss these and other problems as if they are simply ideas rather than what they really are—critical problems which enslave many of our less fortunate brothers and sisters into hopelessness, despair and dependency on dispassionate institutions which are inadequate to meet their needs.

Some among us have made light of the poverty problem while there are men and women and boys and girls around them who really feel the pangs of hunger in their empty bellies and the sting of winter on their ill-clad bodies. Many fortunate blacks engage in conversation about unemployment as if there are not really fathers whose desperation cause them to think of suicide as a way to avoid seeing the pain in their families' faces. Some bring up the issue of education as idle cocktail party chatter even after reading newspaper articles about black high school valedictorians who cannot pass college entrance exams.

I tire of hearing the reasoned assertions of dedicated individuals challenged by people whose only mental energy has been spent on memorizing the oft-repeated rhetoric of nice-sounding but ineffective politicians.

How long can we go on this way? How long can we refuse to see politics as a means of helping our brothers and sisters who are in need?

I do not mind disagreement. In fact, I encourage the voicing of differing opinions because it is in this way that the black community is

informed of all sides of the issues. Not until black people know the various points of view can we determine the best strategy for solving critical problems.

A Call For Honesty

People disagree most vigorously when they have little or nothing to gain from solutions to the problems discussed. But when there is mutual need to find a solution, the parties are usually able to agree on a plan of action.

My wife and I have argued political issues *ad nauseam*. We have debated, for example, whether the appropriate strategy for dealing with crime would be by spending more money on federal jobs programs and social programs or by beefing up police departments and encouraging the courts to mete out stiffer sentences. In these arguments regarding crime we were allowed to hold on for dear life to ultra-liberal and ultra-conservative positions because we felt safe and secure in our Capitol Hill neighborhood.

Our discussions on how to deal with housing problems were not honest attempts at problem-solving because we had a roof over our heads. Our arguments over how to deal with the problem of unemployment were devoid of real meaning because both of us had fulfilling jobs which enabled us to live comfortably. There was never agreement.

Then, one day early in 1981, I was invited to chair a committee of citizens in the District of Columbia who were pushing for a ballot initiative for educational tax credits. With D.C. students scoring 250 points below their Maryland and Virginia peers on the Scholastic Aptitude Test, I knew the tax credit would be a worthwhile effort. But I also knew my wife would be lukewarm to the idea. To my surprise, she encouraged me to accept the invitation. She agreed with me on the issue.

It was no coincidence that she was pregnant with our first child at the time. Having had a mixture of good and bad experiences in the New York City schools, Lola had long ago determined that she wanted the ability to exercise a choice as to where her children would be educated. So, the New York City-born wife who identified best with liberal Democrats agreed with the North Carolina-born husband who counts himself a conservative Republican. Our expectation of a baby made the issue of education a real one at which we were forced to take an honest and careful look.

Black America can progress if and only if we look honestly at the issues of the day, attacking the problems of the community as if they are our own personal problems. Adhering to this attitude, the black community would probably be able to consider all arguments and then

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reach agreement on strategies to solve critical problems just as my wife and I were able to agree on the education issue.

There were amazing displays of hypocrisy during the tax credit initiative campaign. Not malicious hypocrisy, I am confident, but double-think which resulted from people's refusal to deal with the community's problems the same way they would deal with their own.

An illustration of this hypocrisy may be found in an October 12, 1981 column by Dorothy Gilliam in THE WASHINGTON POST. Mrs. Gilliam, who is black, expressed a commitment to public education:

"Deep within, I have always known that it will be the nation's public schools, not the private ones, that will be the salvation for the majority of black people," she said.

Yet, she had to admit in that very column that she had enrolled her own children in private schools. She defended that action by arguing that it was not appropriate to sacrifice her children's education by enrolling them in public schools which were less than adequate.

"With my strong feelings about the importance of an education in mind, a decade or so ago, we made the difficult choice to send our children to private schools. The revolution of black consciousness was in full swing but the D.C. public schools were in chaos. We just did not feel we could sacrifice our children's education during the school system's long climb forward."

Yet, she thought it appropriate for other parents to sacrifice their children's education because of "black consciousness," among other reasons.

A column by Richard Cohen which appeared in the same place in the July 9 issue of THE WASHINGTON POST attacked our effort to enable more poor families to exercise choice in their children's education as "obnoxious." Cohen implied strongly that any effort by parents to seek alternatives from the D.C. public school system:

"goes to the heart of the notion of community: what we owe others. There is a notion . . . that the strong have an obligation to the weak, the educated for the uneducated, the rich for the poor. It is Christian. It is Jewish. It is Muslim. It is, for crying our loud, basic."

Seemingly compassionate words, but the columnist, like his POST colleague Dorothy Gilliam, had to admit he had enrolled his one and only child in a private school. One could only assume that the enrollment of his daughter in a private school reflected a personal decision

on his part that the private school would provide a better quality education for his daughter. Why, then, did he speak negatively of an effort to enable other parents to exercise that choice? For him, selection of an alternative to the failing public school system was appropriate. But for others to have the same choice, he argued, would be un-Christian, un-Jewish, un-Muslim, un-basic.

The benefit of Mrs. Gilliam's and Mr. Cohen's columns is that they help us see clearly the hypocrisy which cripples our society and prevents us from solving critical problems. The main problem with their work is that it represents not the exception but the rule in the way people deal with the community's critical social and economic problems.

The attitude Gilliam and Cohen display has allowed affluent black residents of the District to endorse public education continually, even though the system's documented failures have led them to take their own children out of public schools. That mentality has allowed them to enroll their children in private schools while insisting that other parents remain committed to the institution of public education regardless of whether public schools have done an effective job.

Since I had lived in the District for only four years when I chaired the D.C. Committee for Improved Education, some long-time residents resented an "outsider" trying to tamper with their system. How dare Bill Keyes come in and try to tell us how to run our schools, some said. He wants to ruin our system because it is controlled by black administrators, they said of me. Any argument, no matter how ridiculous, was sufficient for them to avoid discussing the critical question of whether the educational tax credit was a proper vehicle for affecting quality education. Any argument was sufficient to divert their attention from the fact that D.C. public school students' Scholastic Aptitude Test scores were 200 points below the national average and 250 points below the area average.

Many middle class blacks did everything possible to take their own children out of the public system. But that system was just fine, they insisted, for everyone else's children. Never mind the fact that the public school system had allowed some children to be sexually seduced by their teachers; never mind the fact that the public system had allowed some children to be introduced to drugs; never mind the fact that in a public school building a child had been shot to death with a gun with which one of his peers was playing. These were factors which encouraged many affluent blacks to take their own children out of public schools, but these same people would not accept others' consideration of these factors in regard to their children's educational and personal well being.

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What were proper considerations for some were not considered to be proper considerations for others. This kind of thinking allowed the schools' problems to grow worse and worse without the wrath of the community whose children were being cheated.

Again, the root of the educational mess which has developed is the black community's failure to deal with the problem which hurts thousands of black children as if they are dealing with their own children's problems. This is at the root of practically all of the black community's problems—from housing to unemployment to crime to education.

Certainly, one of my objectives in writing this essay is to encourage people to engage in political discussion and other political activity.

Before choosing the appropriate public policy to solve problems which are critical to our people, blacks must be willing to look honestly at all sides of the debate. For blacks to consider all sides of the debate, all sides must be presented. But even when all of the arguments or policy options are not readily available, blacks must seek them. It is the selection of the best strategies which will enable us to deal with such critical problems as unemployment, failing education, inadequate housing, crime and poverty.

The Voting Rights Act: Repeal v. Extension

by *William A. Keyes*

The Fifteenth Amendment to the Constitution of the United States was enacted following the Civil War to guarantee all citizens the right to vote. Freed blacks were able to elect their peers to various state and national political offices when Federal troops were present to enforce the law. But when the troops were pulled out, black voters suddenly found themselves victims of violent acts intended to discourage them from voting. These acts had the effect of reversing the impressive gains which had been achieved.

Not only did this violence continue for a whole century, but violence and intimidation were joined by other tactics. Some people were required to travel great distances to register to vote and some were forced to register for every single election. Many were subject to poll taxes. Many faced literacy tests. There were also property requirements. It became apparent to many blacks that the existence of the Fifteenth Amendment would be insufficient to effectively guarantee that they would have the opportunity to exercise their right to vote.

During the 1960's a number of legal complaints were filed. In the clearest possible words, the Supreme Court of the United States declared in the 1964 case of *Westbury v. Sanders* that "no right is more precious in a free country than that of having a voice in the election of those who make the laws under which, as good citizens, we must live." Yet, after the Supreme Court wrote this opinion, discrimination persisted against black Americans who attempted to vote.

When the opponents of voting rights for blacks realized they could not suffer Federal criminal penalties for using confrontation tactics to obstruct blacks from voting, they resorted to other strategies. These new strategies, which were designed to dilute the collective strength of

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black votes, included gerrymandering and annexation. These strategies also included shifting from single-member districts to at-large districts.

Because the affected blacks considered voting to be one of the most basic rights and responsibilities of American citizenship, many of them took part in marches and demonstrations to highlight the injustices against them and to beg for Federal help. They argued the need for legislation which would commit the Federal Government to intervention in the election process. They sought legislation which would guarantee blacks the opportunity to participate fully in the political system.

Dr. Martin Luther King, Jr. led a voting rights march from Selma to Montgomery, Alabama in March, 1965 because he and other blacks believed the judicial process was not effective in solving the problem. It was sometimes the case that as soon as the courts ruled that a discriminatory election law or regulation needed change, the affected government unit would circumvent the court order by establishing a different law which would have the same or similar discriminatory effect. The Voting Rights Act of 1965 was the measure which resulted from the persistent efforts of Dr. King and other blacks.

Thus, 95 years after the Fifteenth Amendment was added to the Constitution, the Voting Rights Act was established to guarantee that the right to vote should not be denied or abridged for reason of race or color.

The enactment of this measure represented an about-face from the previously-existing method of enforcing voting rights. Before the Act, the courts were the place where the battles were fought. The new arena would be the U.S. Department of Justice. The administrative process would replace the judicial. The new administrative procedure was designed to deal with discriminatory practices immediately and comprehensively.

The purposes of the Act were (1) to facilitate the registration of all Americans to vote, (2) to enable all citizens to vote equally and without discrimination, (3) to have every citizen's vote count fully, and (4) to permit black candidates to run with a reasonable hope of access to public office. The Act contains numerous provisions designed to achieve these objectives.

Section Four outlaws tests and devices as prerequisites for voter registration. This provision is applied permanently.

Section Five is the "pre-clearance" provision. It provides that any state or local government unit which was found by the U.S. Attorney General to have employed racially discriminatory devices prior to November 1, 1964 would be forced to obtain the approval of the Justice Department before changing its election policy. It applies also

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editorial comment

An expression of opinion by WRC-TV 4
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EDITORIAL: REAGAN AND THE GREAT SOCIETY

VOL: 21 #123
AIR: 9/20 & 9/21/82

President Reagan's memory of the Great Society under President Johnson is vastly different than the memory most people have.

The Great Society may have been responsible for some of the economic problems we're having in this country now but one thing is for sure the poor and the downtrodden were helped by the programs of the Great Society. One group that benefitted was blacks.

In large numbers blacks went to college, got jobs in areas where there had been no opportunity, housing that had been closed to minorities were open. Legal rights and health care were made better.

Yet President Reagan told a gathering of black Republicans last week that the Great Society is responsible for all of their problems. The president says life for blacks was not helped but hindered.

This is baloney. Again, the president is trying to rewrite history with the aid of a bad memory.

I'm Gayle Perkins.



WRC-TV 4 NBC

This station welcomes comments on its editorial opinions and encourages the presentation of significant opposing viewpoints. Address all replies to Gayle Perkins, Editorial Director.

editorial reply

This is an opposing viewpoint to a WRC-TV 4 editorial

EDITORIAL REPLY: REAGAN AND THE GREAT SOCIETY

VOL: 10 #33

AIR: 10/1 & 10/4/82

Channel Four says President Reagan has tried to rewrite history. But is that what he was doing when he said the Great Society has failed to solve black America's problems?

Consider this: in the 1950's, young black men had a lower unemployment rate than young white men. Yet, today the black unemployment rate is 2 or 3 times the rate for whites.

And what about our problems with inadequate housing, failing schools, crime and other problems... all which exist in spite of billions and billions of dollars spent of federal programs.

We need to accept the fact that President Reagan is right. Our problems haven't been solved. Let us work together with him to implement measures which will really solve black America's problems, for once and for all.

Presented by Bill Keyes, The Lincoln Institute



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