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# CONCLUSION: WIN-WIN POVERTY REDUCTION AND PREVENTION

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## Abstract

*A five-part program is suggested for poverty reduction and prevention. First, in random order is the need to find jobs for displaced workers. This may involve: (1) commissioning employment agencies to do placement work with payment only after the workers are on the job or a few months, (2) wage-subsidy vouchers that enable employers to hire beginning employees and provide on-the-job training, (3) training vouchers especially to deal with new technologies, and (4) economic growth, especially via new technologies, education, competition, and fair trade. Second is the need for improved education of low-income people. This may mean: (1) federal financing of merit pay for inner-city teachers, (2) integrated schools by developing middle class and subsidized condominium communities near downtown employment, (3) contracting out and vouchers for attending secular schools, and (4) housing vouchers to enable low-income people to move up one concentric circle so their children can attend better schools. Third, merit treatment by having outreach programs for low-income students and potential employees to receive training that will enable them to pass high admissions and employment standards. Fourth, on-site registration and holiday voting to facilitate low-income people participating in elections. Fifth, drug medicalization to reduce drug-related crimes by providing for phase-out prescriptions for drugs to addicts in order to eliminate the incentive of drug dealers to create new addicts. Doing so will lessen the victimization of low-income people to addicts (who rob for drug money) and to exploitative drug dealers.*

## Introduction

Win-win or super-optimizing analysis of public policy problems tries to find feasible solutions which can enable conservatives, liberals, and other major viewpoints to all come out ahead of their best initial expectations simultaneously. The elements in the analysis include (1) conservative goals and alternatives, (2) liberal goals and alternatives, (3) relations between the major alternatives and goals, (4) the development of win-win solutions, and (5) feasibility hurdles to overcome. The feasibility hurdles to be overcome include economic, administrative, political, psychological, legal, international, and technological hurdles, and the disruption of displaced firms and individuals.

As applied to social policy, we are especially talking about improving the quality of life of people at the bottom of the social hierarchy but to the benefit of all. This means public policy that relates to (1) employment and job facilitators, (2) education, financing, and integration, (3) merit treatment, (4) voting and political participation, and (5) crime reduction.<sup>(1)</sup>

The Computer Revolution and contemporary globalization have the potential for generating great productivity and prosperity. They also have the potential for generating among so many people more unemployment and anger than the Industrial Revolution. This is so because so many poverty-generating displacement factors are operating simultaneously throughout the world. That includes productivity downsizing, free trade, defense conversion, and immigration. It also includes employing many groups of people who were not formerly competing so much for the available jobs, such as women, minorities, the disabled, and the elderly. A key object of an anti-poverty program should be to smooth the transition of displaced workers to other possibly better jobs, as well as to provide for the transition of the previously poor toward middle-class status.

Being poor in this context relates partly to individual income. It is, however, not possible to say that being poor means having less than a certain income or being below a certain income percentile in one's nation. One can live better at a low income in some places in the world than others. Being in the bottom 10 percentile in a wealthy nation may be better than being in the top 10 percentile in an impoverished nation. Poverty should be measured in terms of food, shelter, clothing, and medical care. A person or family is impoverished if they cannot afford (1) enough food to avoid all forms of malnutrition, (2) enough housing to not freeze in the winter time, (3) enough clothing to satisfy minimum cultural standards of dignity, and (4) enough medical care so that all members of the family have better than a 50% probability of living to age 60. The fourth point illustrates how our standards keep moving up since living to age 40 would have been considered good in medieval times, even by royalty.

Sometimes employment and education are included in the definition of poverty. Both employment and education are important for preventing poverty and for rising out of poverty, but they are not part of the definition. They are causes and to some extent effects of poverty. More important, they are policy variables subject to deliberate improvements through government decision-making.

## **Employment**

### *Conservative and Liberal Alternatives*

Constrained public aid refers to restrictions on eligibility, benefit levels, income retention, and due process partly designed to deter applications for public aid. Generous public aid refers to broadness on those matters partly designed to provide more dignity to the poor.

The key issues on those four matters have been (1) allowing an impoverished family that has a father and mother present to receive aid, (2) providing for minimum benefit levels on a nationwide basis, (3) allowing recipients to keep a certain number of earned dollars per month, and (4) providing hearings in welfare disputes, including right to counsel.

### *Win-Win Alternatives*

The SOS emphasis is away from arguing over those legal matters, and putting more emphasis on upgrading skills and providing job opportunities. Doing so may do more for decreasing poverty than a punitive deterrence approach and more for the dignity of the poor than a generous welfare approach. See Table 1.

Deterring poverty means making even more unpleasant the status of being poor so people will have more of an incentive to avoid being poor. Decreasing poverty means removing people from poverty by providing them with jobs or other income.

Providing job opportunities may involve wage supplements to subsidize both potential employers into hiring welfare recipients and to subsidize recipients into accepting the jobs. The subsidy might also require employers to provide on-the-job training and recipients to pass the training course. On a higher level, it may be necessary for public policy to stimulate an expanding economy in order to create new jobs. Such stimulation might emphasize a pay roll tax that is refundable if the money is used for increasing productivity by way of new technologies, upgrading skills, or developing daycare centers.

As for employment of displaced workers or people in the culture of poverty, there are a number of job facilitators that have been shown to be reasonably effective, provided that the nation or community is willing to make a worthwhile investment. These job facilitators include:

1. Contracting out to employment services to find jobs for the unemployed on a commission basis. This means the job finder gets a substantial amount of money from the government after the worker has been on the job for six months. Such a commission arrangement provides the job finder with an incentive to determine the worker's aptitudes and interests so the worker will not quit or be fired before the commission is paid.
2. Wage vouchers that are given by the government to the unemployed to supplement what an employer can afford to pay. In return for being able to cash in the wage voucher, the employer must agree to hire unemployed people and provide them with on-the-job training. The worker must agree to perform the work and pass the training within six months when the vouchers end.
3. Vouchers can also be given for training that involves going to school, obtaining day care services, and moving to a new city. These voucher systems cost money. They may, however, soon more than pay for themselves if the workers get off some forms of public aid, pays taxes, and buys more goods and services with the multiplier effects that such buying has. Those employed workers may also refrain from anti-social activities and become better role models for their children and grandchildren.

**Table 1. Win-Win Analysis of Public Aid and Jobs**

CRITERIA	Conservative	Liberal
ALTERNATIVES	Deterrence of poverty and decrease taxes.	Dignity of the poor.
<b>Conservative</b>		
Constrained public aid.	+	<b>B</b>
<b>Liberal</b>		
Generous public aid.	<b>B</b>	+
<b>Neutral</b>		
Reformed public aid.	<b>0</b>	<b>0</b>
<b>SOS</b>	++	++

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<ol style="list-style-type: none"> <li>1. Contracting out job finding.</li> <li>2. Wage vouchers.</li> <li>3. Training vouchers.</li> <li>4. GNP growth.</li> </ol>		
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4. The most important job facilitators are probably under the list of productivity causes such as national training, new technologies, competition, and free trade. They provide an expanding economy with more jobs widely available to displaced workers and the chronically unemployed, regardless of the reasons for being displaced or unemployed.<sup>(2)</sup>

**Education**

*Financing*

The second item under poverty reduction and prevention is education. In this context, we are talking about elementary and secondary education, since adult training was already discussed. There are two big problems in providing better education for low-income children or children in families whose real incomes are falling contrary to general trends. The first problem is lack of money for the local schools. Low-income communities throughout the world are generally not able to raise sufficient local funds to provide adequate school buildings and teachers. There is a big need for more allocation of national or federal tax money to local education. It is not politically feasible to expect rich communities in a province to provide much support for the low-income communities. It is more politically feasible for the national government to do so.

The funding as of 1998 could come from channeling defense expenditures into local education expenditures. Defense expenditures are still at near Cold War levels in most countries, but there is no longer actual or potential warlike conflict between capitalism and communism. The high of the Cold War may have been when Russia was sending missiles to Cuba in the warlike early 60's. The U.S. defense budget is, however, now twice as high in the peacetime later 90's. Another advantage of federal funding is that the money could be used to provide differential salary incentives to teach in the impoverished schools. That is something local school boards have been unable to do because of the power over the local school boards by local unions and seniority teachers.

*Integration*

The second big problem in providing better education for low-income children is the need to bring those children into more contact with middle-class children who are above the poverty line, as defined in terms of food, shelter, clothing, medical care, or income. The Coleman Report of the 1960's found great variation across school districts in terms of probability of the average student going on to college or high school. Of the total variation, about 20% can be explained by differences in school facilities, 30% in terms of differences in salaries and experience of teachers, and 50% in terms of the middle-class nature of the interacting students. Having low-income students interact more with middle-income students means they are indirectly interacting with the middle-class parents of those students who encourage their children to think in terms of getting more education and qualifying for middle-class occupations. See Table 2.

One of the best ways of promoting that kind of interaction is through housing vouchers, rather than school vouchers. The housing voucher enables the low-income family to move up one concentric circle in the city in which they live, or to move from an impoverished rural area to a livable urban area. Doing so increases the interclass interaction to the benefit of the low-income children without pulling down the middle-class children, so long as they are not overwhelmed. Middle-class families can also be encouraged to move into low-income areas that are close to urban employment by being sold condominium housing in sheltered communities. The developers of such communities (who receive free government land) are required to set aside about 25% of the condos for low-income families, and all children attend the same community public school.

When it comes to elementary and high school integration, conservatives want a minimum of government-imposed integration. This can be justified on the grounds that it saves taxes and it minimizes disruption.

Liberals advocate government-imposed racial integration, especially by busing black students to white schools, although it may be too politically unpopular to bus white students to black schools. Some black schools can be converted to experimental magnet schools or to non-schools. The remaining black schools can be upgraded through programs of special funding for better facilities and teachers. This can be justified on the grounds that it improves inner-city education for the benefit of the total society. The neutral position would be some busing and some upgrading, but not as much as is advocated by liberals.

An SOS alternative might involve emphasizing economic-class integration, rather than racial integration. This may be especially important in cities where a high percentage of the public school students are black or minority, but they vary in terms of family income and economic class background. This may also be important because the ambition level of poor kids gets raised by contact with middle-class kids, whereas neither black nor white kids benefit from contact with each other if they are all from the same economic class.

Economic integration can partly occur by redrawing the lines of the neighborhood schools so as to provide a better economic mix for each school. Housing vouchers to enable poor families to move to more middle class schools are also relevant. Some busing can also be used but with more reliance on line drawing.

**Table 2. School Integration**

CRITERIA	Conservative	Liberal
ALTERNATIVES	Save taxes and minimize disruption.	Improve education.
<b>Conservative</b>		
No government-imposed racial integration.	+	<b>B</b>
<b>Liberal</b>		
Government-imposed integration, especially busing.	<b>B</b>	+
<b>Neutral</b>		
Some busing for racial integration, or upgrade low income schools.	<b>0</b>	<b>0</b>
<b>SOS</b>		
1. Economic integration. 2. Line drawing. 3. Housing. 4. Community development.	++	++

The results would be to save more tax money and have less disruption than a program that relies more on racial integration and busing. Also the SOS alternative might do more for improving education in terms of changing peer groups across class lines than busing for racial integration.<sup>(3)</sup>

## Merit Treatment

The third item under poverty reduction and prevention is merit treatment. It refers to the fact that poverty is frequently based on discrimination that relates to race, religion, or ancestral nationality. Merit treatment does not refer to giving preferences to redress past discrimination. It refers here to treating people on the basis of their individual merit, with an outreach training program for those who are potentially well-qualified, but who cannot meet high reasonable standards of employment or college admission. More specifically this kind of outreach training means that applicants with low-income backgrounds who almost pass qualifying tests are invited to participate in a semester-long training program to better prepare them for the test, the job, or the education. Low-income in this context means that their elementary and secondary schools had per capita expenditures substantially below the national average. If they fail to qualify after the training program, then they are channeled elsewhere. Such an outreach training program increases the actual merit of those with high potential that has not probably been adequately nurtured, as indicated by the objective criterion of the per capita education expenditures. See Table 3.

### *Conservative and Liberal Positions*

With regard to race relations, the key conservative goal seems to be to judge people in accordance with merit. In the past, conservatives offered a variety of justifications for racism. That is no longer the case. Merit treatment is now the rule, and in that context they talk about color-blind hiring and color-blind admissions, in which no preferences are given for being black, female, or any kind or minority.

**Table 3. Equal Employment Opportunity**

GOALS	Conservative	Liberal
ALTERNATIVES	Productivity of work force.	Equity or fairness in distributing benefits.
<b>Conservative</b>		
Merit hiring.	+	<b>B</b>
<b>Liberal</b>	<b>B</b>	+



Preferential hiring.		
<b>Neutral</b>		
Seeking minorities.      qualified	<b>0</b>	<b>0</b>
<b>SOS</b>		
Upgrade skills.	++	++

Liberals on the other hand, talk about the need for diversity, equity, and better distribution, and in order to achieve it, they feel quota systems should be abolished. A quota system implies accepting a certain number of black applicants for a job, or for a law school, regardless of qualifications. What liberals feel is that there should be preferences given, but only in cases where a white person and a black person are equally well qualified. More extreme liberals might even admit the black person when the white person is only slightly better qualified. That is how the preference system can be used in order to achieve diversity.

*A Win-Win Alternative*

A win-win alternative would be capable of achieving high merit, high diversity, fair-ness, and equity simultaneously. How might that be brought about? One alternative that makes a lot of sense is outreach training. Outreach training does not involve giving any preferences to people who apply, for instance, to law school or to work in a management capacity at GM, but instead, if they have potential, they will be admitted into the program. In many cases they will have gone to an elementary school or high school in an area where the amount of money spent per student is below the amount spent across the country. In other words, they meet three criteria of (1) they cannot qualify on the basis of their present scores, (2) they have a lot of potential, and (3) they had an economically disadvantaged elementary or high school education.

If they meet those criteria, then before entering law school they would be tutored on what is involved in doing well on the law school admission test, similar to a Kaplan or Princeton Review prep course for people that do not have the money available. They would not only be tutored for the law school admission test, but are also trained towards what is involved in being a good law student. They get college credit for passing these courses. If they fail a course, they are dropped from the program. This is not a gift, it has to be earned. After taking the prep course, if they

still do not get a high enough grade on the LSAT, then they are also disqualified. They get no preferences or points, but get the credits and grades for the summer course which can help bring their grade point average up to a minimum threshold for admission. A similar outreach training program has been used for years by West Point, Annapolis, and the Air Force Academy to work with various minorities to bring them to a level where they could be admitted without any kind of preferences at all. It does cost money, but it is worthwhile, because if the military provides diversity among officers, it may be very helpful with regard to improving morale among the troops, many of whom come from various minorities.

Unfortunately, the current Congress has voted to almost completely wipe out the outreach training programs of the military academies. It's rather short-sighted, but if something involves spending money for human resources training, the payoff is not immediate, and Congress may be reluctant to put forth the money. Congress is very sensitive about producing results to show the American public before the next election, which is never far away. One might say, "What can be done to provide for more foresight on the part of American politicians?" One plan that might be tried is the establishment of something similar to the Japanese Ministry of International Trade and Industry that consists of three representatives from industry, three from labor, and three from government. The government officials are not even directly elected. The President, or Prime Minister, appoints the government officials, and they are given money to invest in various kinds of programs, such as outreach training programs, the training of displaced workers, or investing in new technologies. They can do this with a better time horizon than members of Congress, who are only serving for two year terms. The member of congress would have supervision over the new ministry. Such an organization, being non-governmental, could be associated with the department of education.

The feasibility problem of outreach training is an economic one. It costs money. It costs money for the training, and the payoff may not be seen for a while. For instance, the training of minorities in a special summer program for law school may not pay off until after they graduate and become better role models and provide better legal service to people in the minority community. Unfortunately, economic feasibility may require as we've mentioned, institutions such as Congress having a longer time horizon than they presently do.<sup>(4)</sup>

## Voting

As for the voting item, that refers to the fact that low-income people need to be empowered to shift more for themselves and be less dependent on public-aid systems. Both conservatives and liberals use concepts like empowerment and power to the people. Conservatives sometimes use such concepts in an overly paternalistic way. Liberals sometimes use such concepts in an unnecessarily

frightening revolutionary way. Both sides are likely to agree that enfranchising poor people (at least in theory) is a good thing for society and especially democracy. In the context of voting, that means making it easier for qualified low-income-people to vote as a minimum form of political participation. They are frequently in effect disenfranchised because they find it more difficult to register at the time of voting, as is done in some countries and states. Low-income people also find it difficult to lose time from work in order to vote. A simple solution is to make election day a holiday as some countries do, or at least to hold major elections on Sunday or on multiple days. One should also be allowed to vote at one’s home precinct, workplace, precinct, or any precinct, so long as one passes the test of not having previously been exposed to a container of invisible ink while voting. If more low-income people participate in politics and voting, then more public policies would be adopted that relate to the kind of job facilitators, education, and merit treatment discussed above. See Table 4.

*Conservative and Liberal Positions*

There the US does not look good relative to the rest of the world when it comes to voter turnout. We have roughly (these are very round numbers) two hundred million adults, of which approximately half are registered to vote. But, only about half of those registered to vote actually do. That’s about 50 million. That means if just 26 million out of the 50 million vote for a certain candidate for president, he gets in. This can be a landslide if each state is hotly contested, even though it’s only 36 million out of 200 million possible voters. It’s not so good when, in effect, twelve percent of the population can decide who will sit in the Oval office. We are not undemocratic in the sense of prohibiting people, but less democratic than we should be in the sense of facilitating voter turnout.

**Table 4. Voting Registration and Turnout**

CRITERIA	Conservative	Liberal
ALTERNATIVES	No double voting.	Universal adult voting.
<b>Conservative</b>		
Leave as is.	+	<b>B</b>
<b>Liberal</b>		
Postcard registration or tinker with motor voter.	<b>B</b>	+
<b>Neutral</b>	<b>0</b>	<b>0</b>

Precinct registration, permanent registration.		
<b>SOS</b>		
1. On site same day, or census registration.		
2. Vote anywhere.		
3. Extended times.		
4. Invisible ink.	++	++

The true conservative goal might be to promote the election of conservative candidates but they are not going to say that. What they actually say is that they want to avoid multiple voting. They do not want any schemes that will allow cheating at the polls. Liberals on the other hand, are very concerned about people who do not vote, so they want to decrease non-voting by adults who could be eligible. The conservative position promotes a decrease in multiple voting a number of ways. One of the most extreme positions is to purge the voter rolls every ten years and make people register over again. This would guard against individuals still being present on the voter rolls who have moved or died. It greatly decreases the number of people who register if you have to do it over and over again. Having advanced registration may make a difference with regard to decreasing multiple voting, but it also decreases voting in general. Liberals also want advanced registration, but they want to make the process easier. They support ideas like post card registration, or registration at the time you get your driver's license -so called motor-vehicle legislation. They also support keeping the polls open a few hours later to make it easier to vote on election day, Unfortunately, the liberal solutions in total wouldn't make much of a difference, as more fundamental change is necessary.

#### *A Win-Win Alternative*

What really needs to be adopted is the kind of system presently being used in many countries of the world, including, Canada, South Africa, Mexico, and Mozambique, and states such as Wisconsin and Minnesota. It involves a few innovations. First of all, there is no requirement of advance registration. You can register in advance if you want to, but you can also register on-site the day of election. Many people who don't vote on election day through on-site registration, that would no longer be a problem. Also, if elections were to be moved to a non-working day instead of a Tuesday, more people would be able to participate. In Catholic countries like Italy, France, and Mexico, election day is on a Sunday, when people don't work. Other nations string their elections over a couple of days. Another improvement would allow people to vote in either their home precinct or

their work precinct, or to even allow them to vote in any precinct, provided there is some way of checking to make sure they haven't voted in another. Multiple-precinct voting can make a large difference in voter turnout.

With all these facilitators, however, the conservative problem of multiple voting rises again. The way that problem is solved in South Africa, Mexico, Mozambique, and other countries, is by having voters dip their hand into a bowl of invisible ink. If you show up at a polling place anytime in the day after that, including your original polling place, your hand is viewed under an ultraviolet lamp, and if it shows that you have already voted, you are denied the right to vote again, and can possibly be arrested. The invisible ink method works much better than asking people to sign their names, because names can be forged much more easily than hands. It is a good example of a win-win solution because it would substantially decrease multiple voting and substantially decrease non-voting. It helps to achieve both kinds of goals simultaneously, like the previously mentioned outreach training, or the more profitable and cleaner processes that relate to environmental protection and economic growth. All four that we have discussed so far are capable of achieving the conservative and liberal goal more successfully than either the conservative or liberal alternative.

On-site registration, the non-working election day, multiple precincts, and the invisible ink method all have a political feasibility problem. This problem is political in the sense that it is very difficult to get such a measure through Congress or through a state legislature. This is because one political party is likely to have enough strength to block it, namely the party which thinks it will suffer as a result of expanded voter turnout. As long as it has enough power to stop these measures, they will never be adopted. If, however, they ever were adopted, they are not likely to be repealed. There is a kind of ratchet effect on new facilitators once they are adopted, because the party in power will look bad if it decreases the ability of people to register and vote. These measures are likely to be adopted when the Democrats have enough influence in the Congress or in the various state legislatures. The traditional thinking is that the Democratic party benefits more from expanded voter registration and turnout than the Republican party, due to the fact that a higher percentage of non-voters consist of the people who are poorer and less educated than average. Such voters are more likely to vote Democratic. The problem is political, but it may only be a temporary problem, as hopefully all the other feasibility problems may be temporary.<sup>(5)</sup>

## Crime

The fifth item under poverty reduction and prevention relates to crime. Being poor may be a key factor in engaging in street crimes like mugging and burglary, as contrasted to middle-class crimes like embezzlement and swindling.

Here we are concerned not with how poverty causes crime, but rather with how crime causes poverty, especially drug-related criminal activity. As with the other four anti-poverty policy variables, we are talking about how anti-crime improvements can be made that will result in poverty reduction and prevention. A big factor in inner-city poverty in cities throughout the world (especially the United States) is the highly negative influence on productivity of drugs like derivatives of opium and cocaine. The availability of such drugs can turn a potentially productive person into a drug addict, or worse into a drug dealer who creates other drug addicts.

One solution might be to medicalize the drug problem. That means drug addicts are considered sick people, rather than criminals guilty of possession or sale to get money to buy drugs. That further means such addicts would be treated under whatever national healthcare exists by being given a phase-out prescription that gets lower in dosage each month. If they stay on prescription opium or cocaine forever like diabetics stay on insulin, this is still an improvement over the criminal drug market in multiple ways:

1. One improvement is that drug dealers would have no incentives to give low-income 10-year olds free samples, because they would be just creating patients for the healthcare service, not new paying customers.
2. Another improvement is that almost 70% of all the muggings and burglaries would end, since that is the percent of muggings and burglaries that are committed by drug addicts seeking money to buy drugs.

**Table 5. Dealing with the Drug Problem**

CRITERIA	Conservative	Liberal
ALTERNATIVES	Decrease crime committing; Reduce drug dealing.	Societal productivity; Avoid adverse side effects of enforcement.
<b>Conservative</b>		
Law enforcement crackdown.	+	<b>B</b>
<b>Liberal</b>		
Legalization.	<b>B</b>	+
<b>Neutral</b>		
Treatment & education;	<b>0</b>	<b>0</b>

Prohibit coke & heroin, not pot.		
<b>SOS</b>		
Medicalization to de- profitize drug sales.	++	++

3. Likewise, almost 70% of the murders in the U.S. and some other countries are drug-related, meaning they are committed by drug dealers fighting for control, or committed by addicts in a bungled mugging or burglary.
4. Another benefit especially to some developing countries would be lessening of the corruption of police and government officials by wealthy drug dealers.
5. A further benefit is the tremendous saving in prison costs, court costs, police costs, and other costs that are part of the criminalizing of drug addiction, as contrasted to the relatively low cost involved in medicalizing drug addiction and the high benefits mentioned above. See Table 5.

***Conservative and Liberal Positions***

The last policy problem regards drug-related crime, which has become an increasingly serious issue. It currently consumes a great deal of money in the US, and is causing enormous losses in productivity. It is causing governments to engage in corruption and police officers to use abuse behavior due to the tremendous frustration brought on by the drug war.

The key conservative goal in this context is to eliminate or greatly reduce drug-dealing. This means reducing the buying and selling of illegal drugs, most commonly heroin, cocaine, and marijuana. Cocaine and crack represent the largest problem, as they are involved in a large percentage that occurs. Sixty to seventy percent of all people who are arrested for crimes against poverty or crimes against persons are arrested under circumstances that indicate that they are stealing in order to get money for drugs. Often, they are under the influence of drugs while committing crimes. The crimes against the persons usually involve power plays for staking out drug territory. They frequently lead to murder, because under the influence of drugs, people behave in a more aggressive way than they would otherwise.

Liberals are especially concerned about reducing the side-effects of the war on drugs. These side-effects refer to the police engaging in more illegal arrests, illegal searches, and illegal interrogations than before crack cocaine became very widespread in the mid-80's. They also include the tremendous amount of money necessary for the imprisonment of over 1,000,000 people in our prisons and 500,000 people in our jails. That money could be much better spent on health care, education, or other more useful purposes.

The conservative solution has been to try to repress the sale and possession of drugs. This law enforcement type of approach is an approach of repression, of prohibition. One of the more extreme liberal approaches, although becoming somewhat more popular, is legalization. The policy of drug prohibition and repression is analogous to the policy of liquor prohibition. Back then, the U.S. realized that liquor prohibition didn't work, and that the policy's abolishment was better, even if that means more alcohol related crime. Legalization is the more liberal alternative to conservative police enforcement and repression.

#### *A Win-Win Alternative*

The object of the win-win solution is to come up with some kind of idea that wipes out the drug dealers, but will not increase the use of drugs. Another way to phrase it is to de-profitize drug dealing. If you de-profitize drug dealing, then you would also eliminate the side effects. Then organized crime would decrease accordingly. Another side effect which would be eliminated is the corruption of government officials due to the availability of "mutually profitable arrangements" with large dealers. An ounce of pure cocaine has street value higher than that of an ounce of gold. This causes a lot of frustration for the police, because as soon as one drug-dealer gets arrested and imprisoned or killed, there is another set up to immediately to take their place. The money is just too good for some people to turn down.

The way to de-profitize drug dealing is to treat drug addicts like sick people, and to consider them criminals only if they engage in crimes other than possession and use of drugs. A key part of the treatment is to treat drug addicts as being in need of medical treatment under our current health care programs. As health care plans move in the direction of becoming universal, the need to cover drug addiction is important. If drug addicts are considered to be sick people and eligible for prescription drugs, that could include a cocaine substitute or even actual cocaine under a cocaine maintenance program. The profits of drug dealing would be wiped out because addicts would be able to get what they need through their subsidized HMO. These maintenance prescriptions would usually be given on a long-term, phase-out basis until the person is clean. If they never kick their drug habit, their doctors will be able to prescribe additional doses. No more would drug dealers be interested in hooking ten-year-old kids with free samples; all they'd be



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doing is creating new patients for the HMOs. The dealers would eventually be forced to look for some alternative occupation as did the bootleg liquor dealers of the past. At the present time, anything would be better than drug dealing, for society and for the lives of drug dealers and crack users.

The win-win solution is plagued by psychological feasibility problems. Many don't believe that such availability will have any effect other than to increase the use of drugs. The idea that people who are not drug addicts are going to go to their HMO and say "I'm a drug addict, I'm on cocaine," when they want to experiment is farfetched. Such a declaration would likely cause them to sacrifice many opportunities that they might otherwise have. Employers are not too enthusiastic about hiring drug addicts. The real drug addicts, though, do have an incentive to go to the HMOs. There they can get a maintenance prescription without having to rob or kill for it, and without having to run the risk of getting arrested or killed themselves.

This kind of approach appeals to some libertarian conservatives who think that a repression program involves more problematic government interference than interference in the economy. It should also appeal to liberals. It's better than legalization because legalization means that controls would be much less strict, and that anybody could have access to drugs, including children. Those children would likely grow up to be much less productive members of society. Legalization, in fact, would have a very bad effect on national productivity, whereas this kind of program, which is only for confirmed drug addicts, would have few new effects. They are not going to be a whole lot of new drug addicts created because there will not be a set of drug-dealers encouraging the younger generation to become drug addicts.

As said before, the feasibility problem here is psychological. People are resistant to the idea of giving drugs to anyone, let alone those who are already addicts. That sounds somehow evil, but it's less evil than the present system might be. Because this plan is psychologically hard to accept, it is very difficult politically to adopt. Economically, this solution would cost far less than what is currently being done. Cocaine, for instance, is very cheap to produce. Its high price largely has to do with police repression, which causes the costs of drug dealing to rise, and therefore the street price to rise also. There might also be some feasibility problems with regard to administering such a program. The drugs possessed by HMOs and hospitals must be carefully monitored so that they don't fall into the wrong hands. This can be taken care of by authorizing only one doctor in the whole HMO to prescribe drug maintenance programs or drugs. This would greatly decrease the amount of people with access, and would thereby decrease the risk. Also, in order to be eligible to receive a drug maintenance prescription, a person must be a confirmed addict. This would require testing, over time, of the levels of drugs in a person's system to see if they qualify. The administrative part of the

program should not necessarily require people to accept a phase-out arrangement. Such restrictions would cause people to avoid the program, and would cause the formation of a black market, which defeats the entire purpose. That is why a similar program did not succeed in England. As long as these people are treated as sick people, not criminals, this kind of administration is likely to succeed.<sup>(6)</sup>

### The “Widening” U.S. Inequality Gap?

The article on “Economic Growth and Inequality” in a recent issue of *Developmental Policy Studies* referred to the inequality gap as getting bigger in some ways, but smaller in other ways. The September 5, 1999 issue of the *New York Times* at page 14 has an article entitled, “The Gap Between the Rich and Poor Found Substantially Wider.” The data comes from the Congressional Budget Office. Like some other headlines in this field, this headline is a bit of a misinterpretation of reality in the following ways:

1. The *NYT* article deals with the United States and not with the world in general, as the *DEV News* article referred to above does. The *DEV News* article emphasizes that changes in the equality gap depend on whether we are talking about (1) wealthy countries like the USA, (2) poor countries like those in Africa, or (3) middle countries in Asia.
2. The *NYT* article deals with changes in the 22-year-period between 1977 and 1999 and not the longer perspective of the *DEV News* article.
3. The *NYT* article talks about the lowest one-fifth getting poorer, and the highest one-fifth getting richer. The more categories one uses, the more one can show the rich getting richer, and the poorer getting poorer. This might be especially true if we compare the bottom 1% with the top 1%, which means 100 categories. This is much less true if one compares the bottom half with the top half and maybe even untrue over a longer time span or among most non-U.S. countries.
4. The *NYT* article talks only in terms of income. It leaves out the fact that the health care gap (as measured by longevity) may be getting smaller.
5. The *NYT* article also leaves out that the education gap (as measured by years of schooling) may be getting smaller.
6. The *NYT* article also leaves out the substantial improvements in equal opportunity as a result of reduction in discrimination against women, minorities, the aged, disabled, rural people, poor people, and other non-merit discrimination.

7. The *NYT* article just talks about the inequality gap getting wider, and not about the poor getting richer even though the inequality gap is getting wider. By richer, we mean in this context dollar income as contrasted to health, education, and equality of opportunity. Buried in the article, however, is the statement that “Since 1993, the economy has lifted the incomes of all of the income groups tracked by the budget office” which is almost contrary to the headlines.
8. Talking in terms of the half-empty versus the half-full bottle and how can one give almost diametrically opposed spin to the same data, one should note that the *NYT* article says, “The richest 2.7 million people and the hundred million at the other end of the scale will each have about \$620 billion to spend.” The *NYT* reporter indicates this is terrible that 100 million people have only the same amount of money to spend as just 2.7 million people have. What the reporter fails to explicitly or implicitly say is that \$620 billion divided by a hundred million “poor” people at the bottom on the economic ladder means \$6,200 per person. That means \$24,800 for a family of four. In other words, the hundred million poorest people in the United States have a fantastic per capita income as measured by UN standards which say that the international poverty line is \$1,460 for a family of four per year or \$365 per person or a dollar a day. Even for wealthy countries like the United States, the UN defines relative poverty as \$14.40 per day per person or \$5,256 a year per person or \$21,024 for a family of four. The \$24,800 for a family of four in the bottom 100 million of the U.S. is also not inflated by averaging rich people with the poor people. These bottom 100 million are all relatively “poor” if we consider the rich to be the top 1% or 2.7 million, as the article does, and the middle class to be the middle 168 million.

Liberals who are interested in reducing the inequality gap may tend to exaggerate how it is getting worse. That does not necessarily arouse the public to want to reduce the inequality gap. It may cause the public to think (1) a widening inequality gap is inevitable, (2) a widening gap is desirable because during the time period between 1977 and 1999, most middle class people improved their quality of life when the gap was supposedly widening, and (3) this plays into the hands of those who say the poor will always be with us and there is nothing we can do about it.

Pointing out the progress that has been made can be more inspirational to make further progress, whereas emphasizing the progress that has not been made can be demoralizing although some people may react in opposite ways. Emphasizing lack of progress or policy problems in general can be demoralizing to those who give up easily, but inspirational to those who welcome challenges.

Likewise emphasizing progress can cause complacency among those who are easily satisfied, but be inspirational to those who like to be on an upward roll.

Good policy studies describes progress or the lack of it realistically, emphasizing relevant conditions. Good policy studies also emphasizes how further progress can be made, regardless whether there has been big or little progress in the recent past, assuming that major conservative and liberal goals on the issues have not yet been met.

## Notes

1. On win-win analysis, see Baumol, William. 1986. *Superfairness: Applications and Theory*. MIT Press; Nagel, Stuart. 1997. *Super-Optimum Solutions and Basic Concepts and Principles*. Quorum Books; and Susskind, Lawrence and Jeffrey Cruikshank. 1987. *Breaking the Impasse: Consensual Approaches to Resolving Public Disputes*. Basic Books.
2. On job facilitators, see Gueron, Judith and Edward Pualy. 1991. *From Welfare to Work*. Russell Sage; Nightingale, Demetra and Robert Haveman. 1995. *The Work Alternative: Welfare Reform and the Realities of the Job Market*. The Urban Institute; and World Development Indicators, 1995. *World Development Report 1995: Workers in an Integrating World*. Oxford.
3. On education, see Anyon, Jean. 1997. *Ghetto Schooling: A Political Economy of Urban Educational Reform*. Columbia University; Centre for Educational Research and Innovation, 1992. *Adult Illiteracy and Economic Performance*. OECD; and Stromquist, Nelly. 1994. *Education in Urban Areas: Cross-National Dimensions*. Praeger.
4. On merit treatment, see Danziger, Sheldon and Peter Gottschalk. 1995. *America Unequal*. Harvard; Gurr, Ted. 1993. *Minorities at Risk: A Global View of Ethnopolitical Conflicts*. Institute of Peace; and Nelson, Barbara and Najma Chowdhury. 1994. *Women and Politics Worldwide*. Yale.
5. On voting, see Atal, Yogesh and Else Oyen. 1997. *Poverty and Participation in Civil Society*. UNESCO; Friedmann, John. 1992. *Empowerment: Politics of Alternative Development*. Blackwell; and Piven, Frances and Richard Cloward. 1988. *Why Americans Don't Vote*. Pantheon.

6. On crime, see Dorn, Nicholas, Jorgen Jepsen, and Ernesto Savona. 1996. *European Drug Policies and Enforcement*. St. Martins; Walker, Samuel. 1989. *Sense and Nonsense about Crime: A Policy Guide*. Brooks/Cole; and Zimring, Franklin and Gordon Hawkins. 1992. *The Search for Rational Drug Control*. Cambridge.