

# Those GOP Blockheads Just Don't Get It

## *Block Grants Are Merely Another Bogus Solution*

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By Jeffrey A. Eisenach

**T**HE IDEA that Washington bureaucrats could dictate sensible social welfare policy in cities and towns across America was the central, defining thesis of the Great Society. That thesis has been tested and failed, with tragic results manifested in yet another generation of children growing up in poverty.

The new Congress is trying hard to come to grips with the problem, and it has an answer: Send spending authority back to the governors through block grants. But block grants are fool's gold. They create the illusion, but not the reality, of getting power out of Washington. As any second-grader with an allowance knows well: He who pays the piper calls the tune.

The only way to move power out of Washington is to kill the federal programs altogether, cut taxes accordingly and let citizens—working through the state and local political process—decide whether, and how, to get the job done. As a transition to that goal, block grants have much to recommend them. As an end in themselves, the approach is fatally flawed.

By all indications, this Congress has never seen a block grant it didn't like. It began the year by passing legislation that had the effect of "block granting" much of the new money last year's Congress appropriated to fight crime.

**W**hile cutting billions (fully 25 percent) from the Department of Housing and Urban Development, it maintained funding for HUD's troubled Community Development Block Grant program. For welfare programs, or almost anything that sounds like a welfare program, the solution is the same:

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block grants.

The idea behind block grants is to turn power back to the states, which are arguably closer to the real issues than distant bureaucrats in Washington. Moreover, by removing "the strings" on federal aid, block grants permit experimentation, allowing the states to serve as so-called laboratories, trying out innovative new approaches to problems Washington has demonstrably failed to solve. All these arguments sound good—and have some merit.

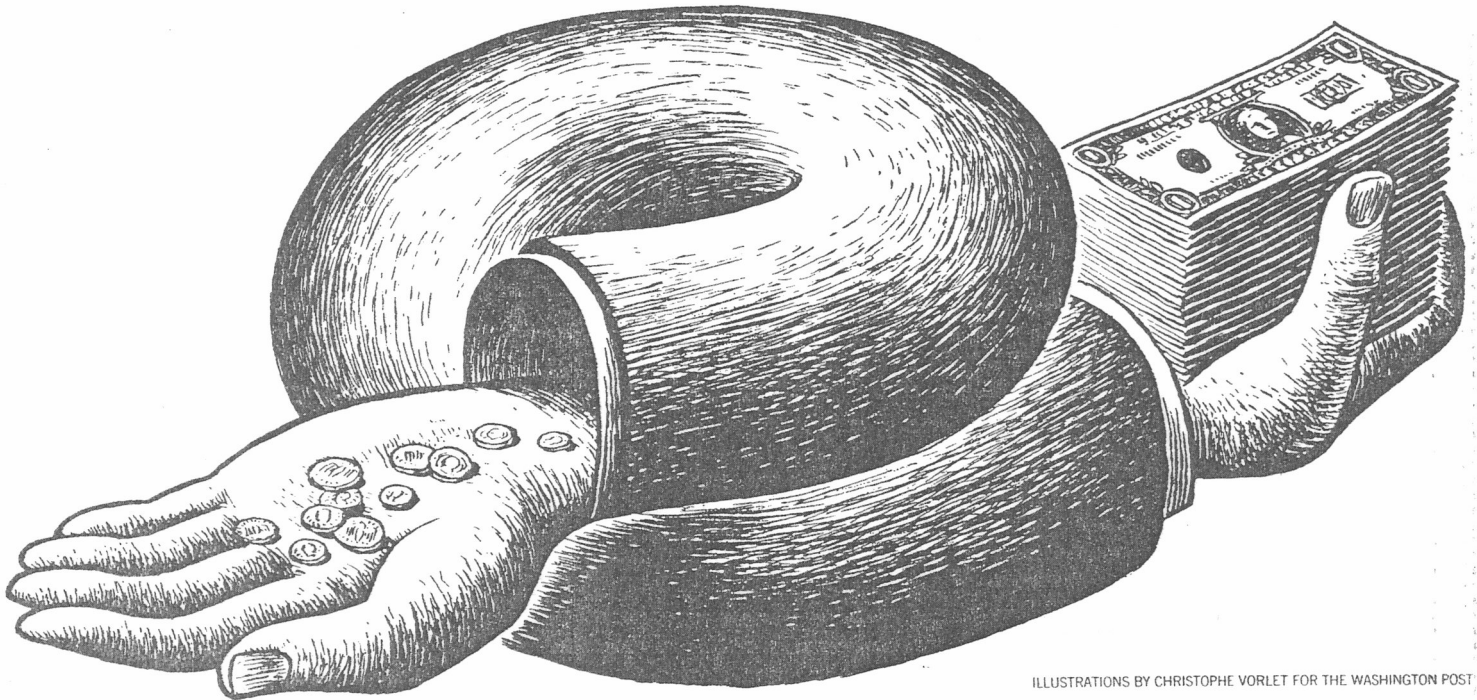
But consider arguments on the other side:

■ *Block grants violate common sense.* Why should the federal government collect hundreds of billions of dollars in tax money and send it back to the states with no rules and no control over the spending? Wouldn't it make more sense to leave the money in the states in the first place, rather than bringing it to Washington and sending it back? The answers to these questions are obvious to most people, but in Washington, things are a little more complicated.

■ *Block grants empower governors, not people.* What is obvious in Washington is that you can't get anything done without political support, and support from governors appears to be a *sine qua non* for successful welfare reform. How to get that support is also, from the perspective of Washington, quite obvious: Buy it. In other words, give governors a couple hundred billion dollars in unrestricted money, no strings attached, and they suddenly become pretty enthusiastic. But block grants in this context are really nothing more than welfare for governors—and they will have the predictable result of turning America's governors into the next century's "dependent class."

■ *Block grants are prone to abuse.* What "no strings attached" really means is "no accountability." Governors who receive block grants are explicitly not accountable to Washington for how the money is spent. Equally important, because the money comes "free from Washington," the governors aren't accountable to their citizens, either. As congressional Democrats

# on the Right



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pointed out in the debate over the crime bill earlier this year, the history of block grants is rife with waste, fraud and abuse. They accurately cited instances of local sheriffs buying tanks and states buying airplanes for their governors.

There's no reason to believe this year's bumper crop of block grants will, if left in place long enough, turn out any differently.

■ *Block grants don't stay blocked.* The historical cycle of block grants is well-documented and predictable. Congress "block grants" the money and sends it off to the governors or, as is the case with some programs, the mayors. The local officials waste at least some of it on things like tanks and airplanes. The press uncovers these "unconscionable" instances of abuse. Congress holds hearings, which conclude that just one string is needed in order to prevent further abuse. A few years of this process and you are back where you started.

The liberal alternative to block grants is to keep the current categorical programs, strings and all. Three decades of evidence notwithstanding, they seem to believe the current system of keeping decision-making in Washington can be made to work, if only we spend a little more money. But most Americans—and most of the people they elected to Congress last year—know better.

The real answer is obvious: End our failed 30-year experiment with federal compassion

and turn both the responsibility and the money back to the people.

Although House Speaker Newt Gingrich is a strong proponent of block grants, he has also made clear in his book, "To Renew America," that his ultimate goal is to shift power downstream: "What we really want to do is to devolve power all the way out of government and back to working American families. We want to leave choices and resources in the hands of individuals and let them decide if they prefer government, the profit-making sector, the non-profit sector or even no solution at all to their problems."

In a recent book I co-authored with Edwin Dale, Frank Luntz, Timothy Muris and William Schneider, we propose doing exactly that. Our plan would eliminate approximately \$258 billion in federal spending, including nearly all federal welfare programs. In return, we do three things. First, we return \$212 billion directly to the people in the form of tax cuts, eliminating most federal excise taxes and cutting incomes taxes by one-fifth. If people want their state and local governments to pick up responsibility for welfare, these funds will provide the tax base for them to do so.

Second, to deal with the adverse impact that would otherwise be felt by the poorest states, we create a \$26 billion "compensation fund." (Perhaps surprisingly, that's all it takes to compensate the poorest states for their net losses under the rest of the plan.)

Third, we propose a dollar-for-dollar tax credit for the first \$500 that individuals give to private charities that care for the poor. This would generate an estimated \$40 billion to replace federal programs with private ones.

These proposals would take effect in the year 2000, following a four-year transition period—during which the federal government would continue to provide support through block grants. In this context, block grants would be seen by all as a transition mechanism, and states, knowing they would soon be picking up the burden, would have fewer incentives to misuse the money.

In contrast to the "trickle-down empowerment" theory of block grants (that is, the notion that power will somehow trickle down from the governors, through the counties and cities and eventually to the citizens), this plan would empower people directly with both the resources and the responsibility for deciding how best to help those in need. If it were passed, we would expect the state and local elections of 1998 and 2000 to be interesting ones indeed, as citizens across America debated seriously how to go about meeting our obligations to the less fortunate among us.

Many of us would like to avoid facing up to those difficult questions. But after 30 years of neglect, it's time we had the kind of national debate that would actually bring about needed change.