

Ending Welfare as We (Now) Know It

BY MARNI SOUPCOFF

Back in 1996, Bill Clinton got tough on welfare. By signing the Personal Responsibility and Work Opportunity Reconciliation Act, he helped millions of Americans move from dysfunctional dependence on government largesse to autonomy and independence — simply by taking away the perverse incentives for surviving on handouts. Within five years of the law's passage, poverty rates had dropped and the percentage of the population on welfare had fallen to a historical low.

At present, Clinton is probably sitting alone in a dark room somewhere, fuming. After dutifully helping to sink his wife's campaign for the 2008 Democratic nomination, he is struggling mightily to deal with the realization that Barack Obama will have a better claim on the title of "first black president" than he does.

Why exactly does any of this matter now? After all, next January will mark the first time in 20 years that the First Family will not have the last name of "Bush" or "Clinton." But Bill Clinton has been on my mind lately because, with the government's bailout of Wall Street's big banks and brokerage houses, we are suddenly in desperate need of someone who knows how to handle welfare bums.

The genius of Clinton's reform was that it took some government rewards away from people who made bad choices. That's where the "Responsibility" in Personal Responsibility and Work Opportunity Reconciliation Act came in. And I can't think of a better example of irresponsibility than the executives and boards of directors who have gambled away trillions of their investors' dollars and driven their companies into the ground. Yet the supposedly conservative Bush administration has chosen to reward those irresponsible individuals by throwing them a life preserver — and then towing them to the nearest resort for an Evian spa bath and a round of golf. How do you like them incentives?

Apparently, subsidizing reckless and self-indulgent behavior is a no-no when it comes to the homeless guy on the cor-

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ner, but it's quite alright when the recipient is a big-bank CEO decked out in a Dolce & Gabbana suit. Never mind that the people picking up the tab for this bailout will ultimately be middle class taxpayers — whose thanks for their forced munificence will come in the form of decimated retirement savings and a crippled Social Security system. It looks like it was more important for the likes of Treasury secretary Henry Paulson to make sure that the brokers-turned-bankers at Goldman Sachs could continue to collect their bountiful bonuses than to have the government maintain a principled stand on corporate autonomy and accountability.

And, no, there is nothing inherently wrong with bountiful bonuses or Dolce & Gabbana suits — except maybe for

their paper-thin lapels — when they're come by honestly. The problem arises when they're paid for with the charity of reluctant donors held at gunpoint by their congressmen.

As Clinton realized — at least as far as doling out welfare was concerned — much of the magic of a capitalist system lies in its ability to imbue its players with good values. Want productive, enterprising citizens? Then stop paying them not to work. Pretty simple, really.

It should be patently obvious that this magic evaporates when the players are insulated from the harsh consequences of making irresponsible decisions. And once one group has been heroically swept away from the mess of their own making, you can bet your bottom dollar that another group will soon be lined up, looking for its own handout. My money's on Detroit's automakers, who've suddenly discovered that Americans' demand for gas-guzzling trucks and SUVs isn't as insatiable as it was when oil was below \$30 a barrel.

Now that it has been kicked off with an unprecedented bang of a bailout, where and when will this new era of corporate-welfare capitalism come to an end? And what, prey tell, will be left of the U.S. Treasury — not to mention the nation's vaunted capitalistic work ethic — when it does?

It may seem strange, but I'm beginning to dream of a third Clinton term.

R

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