

THE ROAD TO RUIN

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by Graham Duncan

Paul Harvey, the syndicated columnist, has a way of putting things that often makes me wonder why I cannot put things the way that he does. Intelligence and insight on his part and lack of same on my part is probably the explanation. He wrote a column which appeared in the New Era on October 13, 1981, which really got my attention. I will read a part of that editorial, leaving the rest of it out because it crossed the line over which Athenaeum papers must not go by comparing economic philosophies of Presidents Reagan and Carter. The allowable part read:

"Easy money is a narcotic. There's no such thing as enough. Too much is fatal. Withdrawal is agonizingly painful. Some people would rather die. History's cruel paradox is the apparent inevitability of its cycles. Wherever you have a good government it bears bountiful fruit. On its fruits the people prosper--then get fat. Then they get lazy and elect to turn over to the government to do for them chores which they have been performing for themselves. In order to perform the additional services, government has to get bigger. In order to support its increasing size it has to tax the individual more. In order to collect the additional taxes it has to hire more tax collectors. So the government gets bigger until it is overtaxing its people. Historically, overtaxed people start a revolution. Hopefully, it is possible for our more enlightened people to moderate their appetites so their tax burden can be reduced and their nation's economic solvency restored. But as I say, easy money is a narcotic.

Withdrawal is agonizingly painful. Some would rather die".

The rest of the editorial dealt with Harvey's belief that Reagan's attempts to cut back on governmental give-aways was a step in the right direction and how he believed that the people were ready for this shift. The article begged me to use it in an Athenaeum paper. I first included it in my paper entitled "The Road to Ruin", but cut it because of time constraints and because it didn't fit quite properly in that paper. Then on December 31, 1981, an article appeared in the Wall Street Journal which gave the fit that I was looking for. It was a news article about Mound Bayou, Mississippi. Let us look at that town, located in the Delta area of southern Mississippi, as the Journal gives its story.

In 1960, Mound Bayou was your typical pocket of poverty. It was all black, boasting no paved streets, composed of houses typical of that area, and very poor. It was a collection of homes of typically poor construction, located in a sea of cotton and soybean farms. There were other towns just like it, of course, in the area, but it became a battlefield in the war on poverty. Especially because its population was all black, it became the darling of the civil rights movement, and the battle fought there was not just a skirmish. The Federal Treasury unloaded huge salvos of ammunition in the form of money on Mound Bayou.

Yes, the money flowed freely, some \$10 million, according to Mayor Earl Lucas. It came in various forms and in varying amounts. Of course there was Federal Revenue Sharing money. There were outright grants to build streets and improve housing. There were programs like CETA and VISTA, which paid people to do things for the town. CETA even paid for the administrator of Federal grants. Some houses were built for residents free of charge. Others were heavily subsidized or given very low interest rates to build or improve the old house. Foundations of varying sorts put up money to match other grants, and many others pitched in.

At the time, Mound Bayou had its own hospital. At least, it was what served as one. The nursery was a closed-in porch, and the rooms are so small that life-support equipment would not fit into them. The Tufts University School of Medicine in Boston helped plan and staff the \$800,000 health center the government built for the town.

The government seemed to fall all over itself to provide for Mound Bayou what it thought the town needed. Of course, there came to be three housing projects, in addition to the single-family work already described. Next door to the hospital, a new clinic, the building costing \$2.7 million, was built. The money was a loan from the Farmer's Home Administration, which was to be repaid by the Department of Health and Human Services. Yes, the Battle of Mound Bayou was one which had a major impact on that Mississippi town.

Today, Mound Bayou has many things that it would not have had without assistance. All but two of its streets are paved. The water system allows neighbors to get water from their taps at the same time, which they couldn't do before the war. There is a handsome new brick courthouse with an outside wall decorated with big cypress woodcuts of black notables from Wilt Chamberlain to Malcolm X. There is even an indoor swimming pool for the residents to use, when they want to leave the new houses which were built for them. When one gets sick, there is a low-cost clinic which even dispenses medicines for a very low fee.

There are a few problems. The paved streets are in need of repair, but the programs which put down the paving will not pay for repairs. Last year, the free water pump broke down and cost the city \$30,000 to repair. The courthouse is dimly lit, to save electricity, and there is no receptionist because there is no CETA money to pay her salary. The indoor swimming pool is closed because the city doesn't have funds with which to operate it. The average cost of a visit to the clinic recently went from \$4.50 to \$17.00 and the registration fee at the hospital's emergency room is now \$10 instead of the previous \$5.00.

And that's not the whole list of woes. The ten-man police department is now a three-man one, allowing for really only a dispatcher with nothing to dispatch. Except, that is, for the fire truck, for fire calls are handled by the police department. The lack of patrolmen is largely academic, because the police

department's lone vehicle, a 1974 Oldsmobile bought from a used car lot, is parked, more or less permanently, in front of City Hall.

Nor is that all of the story. At one time, more than half of the city workers were being paid directly by CETA and VISTA funds. The mayor is now considering firing the others that are left after those funds ran out, which would be doing them a favor. "That way they can at least get unemployment compensation", explains Mayor Lucas.

Last year, Mound Bayou collected \$68,000 in taxes from its citizens. It also paid a \$60,000 electric bill. To heap further miseries on the city, the state supreme court recently ruled against it in a civil case. A white woman had fallen in a hole after leaving the court house, at which she paid a traffic ticket. The judgment, including penalties, interest, and legal fees was for \$59,000. Mound Bayou's citizens already pay the highest property tax allowed by Mississippi law, and they aren't about to vote a special tax to pay that judgment or for any of several other civil actions pending against the city. Oh, yes, let us not forget about the town's only garbage truck. It recently broke down.

One could safely say that Mound Bayou, Mississippi, is in financial trouble. The mayor, admits as much when he said, somewhat gloomily, "I'm thinking we may have to declare bankruptcy". The mayor blames the town's troubles on Reagan economic policies, a sentiment echoed by many of the citizens. The rationale for the thinking is varied. A Mrs. Lewis, who would have gotten a new home built except for her husband's objection, has a very valid reason. Mr. Lewis died last year, but so did the program under which the house would have been built. Now Mrs. Lewis would not hesitate for a minute to sign up for a new house, because she feels that a new home would help her lure a new husband.

The story of Mound Bayou is most certainly a horror story. The same sort of story was repeated in many other towns across the United States. Certainly most towns and cities have been on the receiving end of Federal funds. One can only speculate on the question of whether Mound Bayou would be better off now if ~~they~~^{it} had not received anything from the public trough. In the same way, it is quite possible that every recipient of Federal largesse has bought trouble, hopefully to a lesser extent than did Mound Bayou. Let us think about what happened to Mound Bayou and see if anything can be learned from this sad tale.

Probably the greatest problem with aid of any kind is that as it is given, so can it be taken away. Withdrawal is agonizingly

painful, as Paul Harvey says. He puts it in terms of the cycle in which the people get lazy and then allow government to help them. This is fine as long as the people can afford to pay government to do for them. But the basic problem is that the aid was accepted with the idea that it would continue. Without arguing whether the government is justified in reducing its aid programs, the fact remains that at the present time, it is doing just that.

How could Mound Bayou have reacted differently, given the temporary nature of the funds? Obviously, such luxuries as the indoor swimming pool and the super-nice courthouse could have been deferred. All projects, where discretion was possible, should have been toned down in ~~time~~ ^{line} with the basic needs of the town. Non-discretionary programs that were too big for Mound Bayou's breeches should have been turned down. Now that would be a switch, to turn down Federal free money. These are some of the things that could have been done.

One of the bigger traps that can catch the unwary is the alternate use syndrome. Mound Bayou received all these gobs of free money. Therefore, the money that they were using for nuts and bolts things didn't have to be so used. So, it went for bigger and better things that couldn't be done before. And after all, isn't the money that is now paying for the nuts and bolts free money?

Another problem is the gift item that must later be maintained by the recipient. Mound Bayou's new water system was as great as the \$30,000 pump repair bill was terrible. Perhaps some of that free money could better have gone into the bank against a rainy day. But after all, we needed a new water system and this one didn't cost us anything. And don't forget about staffing the things that were built. But we thought that a new hospital would generate enough new business to keep it going.

One of the most damaging errors came in the use of manpower funds. I refer to the CETA and VISTA funds and the way they were used. CETA's intent was to train people to do jobs for which they could not otherwise receive training. The Comprehensive Employment Training Act has noble intent. The town of Mound Bayou relied on that money to pay its public employees. When the funds ran out, the employees had to go, also. I am not well acquainted with Volunteers In Service To America, so I cannot judge its effectiveness. Its effect on Mound Bayou was about the same as CETA's effect.

Obviously, many errors were made, and Mound Bayou might not have been responsible for all of them. I suppose we can be thankful that the Federal ^{Aviation} Administration ~~Agency~~ did not decide that Mound Bayou needed a jetport the size of Dallas-Ft. Worth airport. Or the Education people could have placed a university for the town to run. But lots of things were built, not all of them really needed by Mound Bayou. But it got them.

Mound Bayou did not get all of the goodies that were thrown out by Washington and other places. Obviously, not all towns reacted the same way to the free money. Or did they? Hopkinsville, and probably even Elkton, also got some of the free money, but neither city is as broke as our subject city. Or are they?

Hopkinsville received hundreds of thousands of Revenue Sharing ~~money~~ ^{dollars}. I did not track the use of the funds, but at least in the beginning the money was put away in interest-earning accounts. The interest could be used to pay salaries or whatever, and the principal saved until a use could be found for it. Much of this money was used to offset deficit years. That's fine, as long as the money keeps coming in. Or until the money won't pay the deficits, created at least in part by overbuilding and over-staffing. But after all, it was free money, wasn't it? We got a grant from the state, I believe, to purchase a van which was labelled a Crime Prevention Unit. Perhaps it hauled a few detectives around, but now, if it still is running, it is used simply as a transportation vehicle for whoever needs to be hauled. When we come to depend on it, and used the money that we would otherwise have spent on its mission, what will we do when we no longer have it? But it was free money.

And what did we do with CETA funding? Oh, we trained a few people to dig ditches and cut weeds, and paid them while they were learning. And the money that we would have had to use

to pay people to do those jobs could be used to hire someone to oversee them, or for two Emergency Services Co-ordinators to do one job. Or something else, but after all, it was free money. But, you say, we also hired some trainees for the Sheriff's department and the Jailer. True, but when CETA funds were cut off, we then had to pick up salaries that we did not, for a while, have to pay.

And so on and so on. I think you get my drift, whatever that means, Paul Turner. Before we cluck our tongues at the people of Mound Bayou, perhaps we should examine our own actions in the light of what we can learn from Mound Bayou. They have already paid the piper. Maybe our bill is about to come due.