

BUILDING GRASS-ROOTS SUPPORT FOR PRIVATIZATION

by Representative Curt Weldon

The topic of my talk was to be privatization, which I will talk about. But a more complete description would be motivating positive grass-roots socioeconomic change the right way. The pun is intended.

For the last fifty years, we have had a pervasive attitude in this country. It says that government can do all and should do all to solve our problems and to cure all of our ills. And in Washington I have seen a mentality, somewhat changed in the last several years, that says we will solve all of our problems by creating new programs or expanding existing programs without having any idea of whether or not we are really effecting grass-roots change back home.

Realizing Full Potential. The social welfare programs of the last fifty years have done more to harm major segments of our society, especially major segments of my generation, than any other initiatives or action. As a matter of fact, they have worked against such positive premises as personal pride, positive self-image, individual initiative, and the strength of the family.

What my parents basically taught me is that our own limitations in life are self-imposed and that any goal is attainable if we properly address that goal. The government's only role is to provide us as Americans the opportunity to realize our full potential in life. I have lived these basic premises for 39 years, and I would like to review for you how I have applied them as a public official for the last ten years.

Born to a Blue Collar Family. First of all, I was born and raised in the second poorest town in my county. The only poorer community in my area of Pennsylvania is Chester City, which is one of the ten most depressed cities in America. I am the youngest of nine children. Neither of my parents graduated from high school--in fact, neither went to high school. My father and mother both had to quit school at an early age to go to work to help support their families because of problems arising primarily from their economic situation. And while I am the youngest of nine and born to a blue collar family, I am very proud of that family because the ideals and the values I obtained from that experience are really what propelled me to the public sector and provided me with some of the deep feelings I have today about the role of government at all levels.

The town where I was born and raised--Marcus Hook--was suffering some very severe problems in the mid-1970s and even before that in the 1960s. We had a tremendous

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economic stagnation and decline. Our unemployment rate was approximately 12 percent. We had lost about 2,000 jobs from a couple of major plant shutdowns. The plant where my father had worked for 39 years completely closed its doors and laid off 1,200 people in one single instance. The poverty in the community is well documented. The welfare rate is extremely high. A high number of senior citizens and their problems that are associated with poverty, housing problems, economic stagnation, and the loss of about half of the small businesses and the services that the citizens so vitally need--all were obvious and certainly pervasive in the 1960s and the 1970s.

Major Problems in My Hometown. In addition to all of that socioeconomic stagnation, the town became in the 1970s the national headquarters of one of the five largest motorcycle gangs in America--the Pagans. Their national president lived in my hometown two blocks from my home. I grew up with the local president who lived up the street. About 65 of the Pagans lived in my community at one time in the mid-1970s, and from my hometown they directed the Pagans' entire drug trafficking operation for the East Coast. So they had a stranglehold on the community. One of our police officers was a Pagan informant, which was found out only later, and there were approximately ten murders in the area over a course of five years that were eventually tied into the drug dealing and to this cycle gang.

So all of those factors together were enough to tell us that we had major problems in my hometown. Philadelphia Magazine called us the worst half-hour drive from central Philadelphia in their 1975 annual best and worst lists. At the time, I was teaching school--I am a teacher by profession--in another poor community near Philadelphia, Darbyborough, and also involved in a federally funded Title I program which I will discuss in a moment. I was approached in 1976 to run for mayor because the town was at an all-time low and needed some leadership. I ran against the incumbent mayor in the Republican primary, and we are a very Republican town. I beat him by a two to one majority. As a matter of fact, that election occurred ten years ago yesterday. The Democrats wrote me in as their candidate, so I was a candidate of both political parties in the November election. And when I ran for reelection four years later the same thing occurred: I was again the candidate of both political parties.

Facing a Dilemma. I became the mayor, after having been involved in the community as Boy Scout leader, president and chief of the local volunteer fire company, and active in numerous civic activities. But I was now faced with a dilemma. How to motivate change? How to change this negative image that had been so pervasive in this poor town for so many years and how to get these people to feel good about themselves? Because the biggest problem in the town was not the loss of jobs. It was not the crime, and it was not the economic stagnation or the housing problem. The biggest problem we had was that people no longer believed in themselves. They had lost the ability to retain their self-confidence, their self-pride, and to feel that they could change their own situation. And I can tell you that this has been repeated in many of our inner-city areas. That is why we cannot change those inner-city areas. It is not because we have not thrown enough money at them. It is because the people we are trying to help have not realized that they have to be a part of the change if it is to occur. And so to get the people to change their mental outlook and frame of reference, I had to get them involved in the process of developing programs and making change occur. We started off with the single largest plant in the heart of the town--75 acres--which was completely vacant and had been vacant for three years. I told the people of the town our first priority would be to refill that plant.

And they said, "You're crazy. It can't happen. This is Marcus Hook, not a nice area. People don't want to move down here. We have crime. We have economic stagnation. Nobody wants to move their business." And I said, "You have to believe in what you can do and we have to work together."

"Hey, It Can Work." We formed a nonprofit corporation--the Marcus Hook Development Corporation--with a membership of seven citizens, seven business people from the private sector, and seven elected officials. I became the first chairman and stayed in that capacity for about two years when I turned it over to a friend in the community. And without going through the whole process of what occurred there, we took the largest vacant building in the heart of the town, a five-story, 200,000 square office building which had been completely vacant and downtrodden, and in five years we filled the entire building up with business enterprises.

We formed a social network, which worked in one half of the building: a senior citizens center, a day-care program, a program for youth to meet and have activities, a community room for the townspeople to have meetings, and the rent money from all the businesses provided the support mechanism for all of the social service operations. We opened the town's first drugstore in fifteen years. The first comprehensive dental center the town had ever had still exists today, and there are a medical center, an art school, a hairdresser, and a whole host of office operations. We created some 200 jobs in that one complex alone from that one start. And the people all of a sudden said, "Hey, it can work. We can get people to come in."

Thriving and Growing. Today, that nonprofit operation continues to succeed and thrive as well as ten years ago, and it is growing and undertaking new activities in the community. It has tackled housing rehabilitation. It is into historic preservation, in which an abandoned church has been completely remodeled as an historical landmark in the community because of bordering the Delaware River. Not the government, but the nonprofit corporation has been the motivational force to bring that town back. I used the same model when I went to our county government to show other towns how to begin a process of making grass-roots changes occur without expecting the government to do it all because it cannot work through government alone. And I will discuss in a moment why it does not work. The nonprofit approach and its success in turning the economic and social problems around was one approach.

We attacked the crime problem aggressively in cooperation with county, state, and federal law enforcement officials. Without going into the details, I can tell you there are no more Pagans in my hometown. All the leaders are in jail. The network has been broken, and just two weeks ago, I spoke to the Eastern Motorcycle Task Force, a group of federal law enforcement officials, about the success we had in breaking up one of the largest drug trafficking rings on the East Coast.

Pooling Resources. We also got involved in intercommunity work with neighboring towns. Because we were a small community, we could not always do for ourselves perhaps what we thought was necessary. So we established a council of governments with the three neighboring towns, and what we could not do individually, we did collectively. Whether it was group purchasing or pooling our insurance, sharing a highway truck or working together on a cooperative project that we could not do alone, we pooled the resources to make better use of the limited public dollars that we had to run my town, and it worked extremely successfully.

"Yes, We Can Change." But most important, and what really fostered all this positive change was the fact that we got the citizens involved. At one point in time, we had over 400 citizens involved in various boards, agencies, and committees. From a shade tree commission to a youth aid panel to a drug awareness group covering a whole host of priorities that the community had identified, my job was to act as a cheerleader and motivate those people to realize that they could effect changes if they believed they could. I had to be the person who kept constantly saying to them, "Yes, we can change." The result was that five years later, in 1980, after having been called the worst half-hour drive from center city Philadelphia by Philadelphia Magazine, the Secretary of State for Pennsylvania, Shirley Dennis, who is now here in Washington, came into my hometown and labeled it as one of five model governments out of the 2,000 in the Commonwealth. And the recognition we received was because of what we did for ourselves and because of the initiative that we put forth on our own behalf in marshalling the efforts of the private sector and the public sector and the people themselves to make the changes occur.

We could not have done this with the pro-handout attitude that has been so pervasive in the federal government for the past 50 or 60 years. It would not have worked. The Marcus Hook change allowed me to receive some recognition. At the time I had been working for a private company, heading up their training operation after leaving public school teaching. Faith Whittlesey, whom many of you know was chairman of our county government. She went to Switzerland, at present is the ambassador, and I was asked to take her seat on the county council. I did, as I thought I could offer again some insights into the county level of government and some new approaches to solve some old problems.

My approach at the county level was the same as it had been at the local level--pro-active versus reactive. This is not to say that we could solve all the people's problems for them, but by being pro-active, we could show them how to solve their own problems for themselves. And what are some things that we did?

"You're Crazy." First of all, I inherited a county government of 3,100 workers. Our population is larger than that of most states in the Union, so it has a massive government bureaucracy. And the first thing we had to do was reduce the size of the county government. If you look at the trends over the previous ten years, we had been increasing our employment gradually and continuously, especially with the CETA program, and with its demise we put all those people on the permanent payroll. It was time to change that attitude so that people would start thinking we had to do more with less as opposed to asking for more bodies. People said, "You're crazy. You can't do that." I went to couple of the large corporations in our region, the Sun Company especially. They loaned me a corporate executive who had done their voluntary retirement incentive program, and I said, "I want you to design one that we can use in the public sector." He said, "It is unheard of. How can you get a public government to design a voluntary incentive program to get people to retire?" And I said, "Well, make it work."

We put together a package. We costed it out and said that we could recover our costs over a two-year period if we could get the desired number of people to take early retirement. We worked aggressively in selling the program to the employees, and the bottom line was that we had 162 employees take early retirement that year, who felt they were getting something positive as opposed to something negative in being afforded extra

financial incentive to take a retirement that many of them had wanted anyway. After the retirement incentive program, we started an aggressive effort to combine jobs to avoid duplication. Because of those efforts, we were able to eliminate 150 full-time positions in the county government and still do the same amount of work that we had been doing previously. Not only were we able to do the same amount of work, but in many cases we were asking the employees to do more work. And once again, people said that could not be done.

Duplicating the Private Sector. With our department heads and supervisors we implemented a management development program. I went to the large corporations in the county and said, "You run management development programs for your supervisors and department heads. How about letting me send some of our people to sit side by side with your people so they can learn how to manage the government as you manage your private company?" And they said, "Great. We've never heard of that before." And so over a period of three years we sent our department heads to sit side by side with corporate executives to learn the basic techniques of management, supervision, and cost-effective operation. Then they brought it back and applied it in their day-to-day operations as county department heads.

We used corporate interface as much as possible. Whenever a corporation had done something, I did not try to reinvent the wheel, I stole the idea from the company because there was so much to learn from the private sector. We had a space utilization problem. We had too much space--wasted space--and demands by the courts for more space. I brought in two leading companies. I said, "Bring your space planners and tell us how we can better maximize our use of the space we have." They did a comprehensive study for us, which we implemented, and we ended up with a tremendous surplus of space by applying techniques and concepts that already were in place in the private sector. And if government can do that more, simply by duplicating what the private sector has been doing with a three to five year time lag, government could achieve the same results that many of our largest and smallest corporations are realizing on a day-to-day basis.

Happy Mothers. In addition, we looked at privatization, where the private sector was performing services that perhaps we were not doing as well as we would have liked or where we could realize more savings. We privatized our day-care operation. We saved a tremendous amount of money, and in addition to that, we had a better service and a better selection for the people of our county in meeting the day-care needs of their children, and the mothers were extremely happy with that decision.

We privatized the management of our geriatrics center. In Delaware County we operate the second largest public geriatrics center in Pennsylvania--911 beds; a full-service facility. We took its management out of the public sector and brought in a private corporation to manage it for us, and we saved approximately \$3 million in the first five years we had that management team in place by bringing in some aggressive management techniques and using some of the basic principles that the private sector uses in health care administration. When I left, the county was looking into the privatization of our prison management. We will still own the prison and retain a liability, but the company we have brought in to manage it has told us their first-year savings would be in the neighborhood of \$500,000 to \$800,000 for privatizing just the management of the prison.

Labor Endorsements. We are also looking at such other areas as the courthouse police and radio system, and that will continue on even after I have left the county government. But surely privatization did work and it has been well documented. But the most important thing was that there were people who said you cannot do these things. You cannot reduce the workforce; you cannot privatize; and you cannot look at ways to streamline operations because the unions will object. In our county, we have seven unions with twelve contracts--AFSCME, Teamsters, FOP--and guess what? Not only did none of the unions object, when I ran for Congress this time, I had 19 major labor endorsements from the unions I worked with statewide because I was fair. I was reasonable. They knew that I was a fair person who would be willing to sit down and work with them, and we accomplished all this without union harassment and without the unions thinking that we were trying to knock them out of the ballpark. We convinced them that it was in their best interest to help us accomplish our goals. And so it can work even in a union atmosphere.

How Do We Meet These Needs? One of my last actions at the county was to get a major waste-to-energy cogeneration facility operational and underway. A \$300 million project, entirely financed, entirely committed, and guaranteed corporately by Westinghouse Corporation itself for a full 25-year operation with no public commitment of dollars to make that facility work. So privatization can work.

The most recent thing that I would like to be able to help see into fruition because I think it is the wave of the future is what I started last year in trying to come to grips with the overwhelming human service delivery problem that we have in America today at the local level. How to meet the increased problems associated with senior citizens, with young people, with day-care operations, with the mentally handicapped, the mentally retarded? How do we meet all those needs with fewer federal dollars and fewer state dollars and how yet do we still provide those services?

"These Crazy Federal Programs." What we formed last year, which is now being implemented was the State of Pennsylvania's first human services partnership bringing together all the provider agencies and all of those governmental entities that are involved in delivering services. What we found initially was so much overlap and duplication that, by simply eliminating that, we could save a tremendous amount of money that was already being expended. And the private sector was looking for direction as to where they could best spend their limited dollars to help us fully meet the needs--the human needs--of the people in our district. And I can tell you that same type of approach can be used all over America. We need better coordination. We do not need more programs. We need to have the local people who are in place implementing the programs and solving the problems at the grass-roots level tell us how best to coordinate the dollars being pumped in for a given problem or a given need.

After all this work in the county, when I had been on the receiving end of so many of these crazy federal programs that were totally appalling, and since I had a congressman who had voted against everything I believed in for the past ten years, I decided it was time that I ran against him. Interestingly enough, he used to bring me down here when I was the mayor of my hometown and brag about how much I was doing with limited resources as an example for America. You can imagine his face when I told him I was going to run against him in 1982. Certainly it did not make him happy, and we almost beat him then.

Encouraging Voluntarism. What can the federal government do? Because there is a role for government--local, county, state, as well as federal. We cannot be a cure all for all problems, and we might as well stop kidding ourselves and the American people by thinking we can. We must provide the motivation in finding ways for people to do things for themselves and to improve their own situation in life. Along with that we must encourage and motivate voluntarism. Let me give you a very real example.

I grew up next to the city of Chester, a very poor distressed town. Financially it is going bankrupt as most of our major cities are going bankrupt, and one of the reasons is that not enough is done to encourage the people to do for themselves. Let me give you a very real concrete example that I can relate to because I have been a volunteer fireman all of my life. The city of Chester when I was growing up was protected with five totally volunteer fire companies, which is a real tradition in Pennsylvania. These volunteer fire companies provided full-service fire protection for the entire city at a very minimal cost to the taxpayers. They asked for nothing in return for the service they provided. Because of government interference, all those volunteer fire companies gradually were replaced with what is now a paid fire department. There are only two stations right now in the city of Chester. At any given point in time there are no more than fifteen people on duty, whereas the volunteers used to have at least 200 available to fight the fires.

But let's talk about the impact on the taxpayer. Today the city of Chester has 35,000 people. Right next to Chester City is Ridley Township with 35,000 people entirely protected with six volunteer fire companies. In last year's budget, Ridley Township spent \$100,000 on fire protection. The city of Chester, protecting the same number of people with the same types of problems, spent \$2.1 million for fire protection. And guess who the paid department calls in when they have a major alarm? All the volunteers from the surrounding companies, who have to come in and help them fight the fire because Chester does not have enough manpower to deal with the situation.

Pulse of the Community. But more important in all of that, what is lost when we lose a volunteer fire company? It is not just a loss in terms of taxpayer support, it is the group that organized the Memorial Day parades, the July 4th parades, the picnics, the activities, the social programs, the recreational programs in the summer--the heartbeat and the pulse of the community. That is what happens when the government takes over functions that the people want to do for themselves. And most of those paid firefighters were volunteers before they became paid firefighters. Now all of sudden they do not want to polish the fire truck anymore. They do not want to paint the floor of the fire station. They do not want to go out and have the chicken dinners and do the work to raise the money. And if we cannot learn a lesson from that throughout America, nothing else will teach us what the problem is in this country. We have to do all that we can at every level of government to motivate people to want to continue to do for themselves. And I can tell you that, while I am here, one of my key goals is to become a national spokesman for the volunteer fire service because we need to continue to motivate those people to provide that service that we could never afford as taxpayers.

Incentives to Spend Everything. Another point is that federal programs must not have built-in disincentives and I can speak from experience on that. While I was teaching public school, I ran a Title I program, now called Chapter 1, a program that was designed under Lyndon Johnson to help educate economically deprived children. I feel very strongly about helping those children, and I think that the Chapter 1 program does serve a purpose.

But let me tell you about the disincentives when I was running the program. We were given an allocation based on our population, and we knew that, if we did not spend that

allocation each year right to the bottom dollar that we given, the following year we would be cut. And so it was a disincentive. The disincentive was "spend everything you can get your hands on." So we stockpiled machinery. We stockpiled equipment. We had storerooms of paper and art supplies and we spent every dollar we could get our hands on. What we have to do is make sure that every federal program that comes out of here is a federal program that warrants our support and that we do not have built-in disincentives, which allow people and encourage people to abuse our federal tax dollars. That is what has occurred, and once again I can speak from personal experience.

Pooling Resources. Another point would be to foster communities working together. We have tremendous resources out there in America. These are small towns who maybe cannot do for themselves, but if they combine with three or four other towns in a voluntary situation, not in forced mergers but just in working together, they can achieve a very desirable result. In our four towns, we formed our council of governments, which still allowed us to retain our own independence--our own autonomy--but we did things like joint purchasing, joint use of equipment, and joint use of detectives where we could not afford them individually. We pooled our resources for insurance purchasing and for the loss control efforts to reduce our insurance costs. There are many ways that community governments can save by pooling resources without losing the autonomy that all of our towns want to have. We have to encourage that more at all levels of government.

Another effort is what I call "the encouragement of partnerships." I have seen that, in my hometown and in my county, partnerships work. When I went into office, our unemployment rate was almost 9 percent, and our whole riverfront corridor was basically a depressed industrial area that people had given up on. We formed an economic development partnership five years ago, that I still chair today, bringing together business, labor, education, and government. We work on solving the real problems of helping businesses grow and expand in that corridor, and today as I stand here, our unemployment rate is 2.9 percent--the lowest in Pennsylvania. We have \$1 billion worth of new economic development activity going on in my county right now. We have 6,000 new jobs that are being developed through new projects that we worked to attract.

Phony Federal Solutions. What I am saying is that it does not matter where you are. It does not matter what your handicaps are. What matters is understanding the importance of the mental outlook you have in terms of trying to solve the problem. And we have certainly missed the mark, especially in terms of our poor areas, over the last 60 years. We have had this assumption by some of the phony members of Congress, who are happy to cast a vote on a bill or an issue and then walk away and say that they have done their part to solve the problem. What they do not understand is that the problem is not solved until the people back home--back home in America in our small towns and our big cities--come to grips and realize that they have to be a part of the process. They have to buy in to making changes occur. And our job is to make sure that, in every program and in every aspect of our operation, local people are buying into the process and becoming a part of making it work. Whether it is education, whether it is job training, whether it is motivating socioeconomic change on a broader scale, whatever it is, people locally have to be the key to making that change occur.

Limited Only by Yourself. What America offers each and every citizen is very simple. It does not offer us everything--it does not guarantee a house or an education. As my parents told me, "You are not guaranteed anything in this country." The only thing you are guaranteed is the right to go out and achieve your own full potential in life, and in that, you are limited only by your own self-imposed limitations, just as we as a nation and as a people are limited only by our collective self-imposed limitations.

