

THE BROOKINGS INSTITUTION

IS AMERICA REALLY AN OPPORTUNITY SOCIETY?

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Welcome & Introductions:

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Overview:

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Panel:

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P R O C E E D I N G S

MR. DIONNE: I want to welcome everyone here today. It's a great honor and pleasure to be introducing – helping to introduce *Creating an Opportunity Society* by Ron Haskins and Belle Sawhill. Not since Daniel Patrick Moynihan held a hearing all by himself have we had such intelligence brought to bear on one of the most important issues facing our country, indeed.

I think the issue addressed in this book is central to almost every other issue that we are confronting, which is the rise in equality over a very long period of time and what we as a nation should do about it. And there isn't that much bipartisanship around the city these days, but it is represented here on this panel, and it may, this book, in many of its proposals may open a new era of bipartisanship after we pass health care.

Just so you know how we are going to proceed today, Belle and Ron will each offer a presentation based on the book, including what we in the old days called a slide show, on their findings and their recommendations. Then I'm going to call up our very distinguished panel, Linda Gibbs, David Brooks and Juan Williams. Juan is running late, and as someone who got caught in traffic myself, I'm very sympathetic to Juan. But first, they will come up afterward, offer brief responses, then I will ask a few piercing questions of Ron and Belle and the panel, and I'm going to open it up to the audience as quickly as possible because I know we have

assembled here today an extraordinary amount of intelligence on the subject at hand.

So what I will do is, introduce Belle and Ron together, and then Belle will come up first, then Ron, and then we'll call up our panel and I'll introduce them.

Belle is a Senior Fellow in Economic Studies here at Brookings. She is Director of Budgeting for the National – of the Budgeting for National Priorities Project, Co-Director of the Center on Children and Families. She holds the Cabot Family Chair. She served as Vice President and Director of the Economic Studies Program here at Brookings from 2003 to 2006. Belle asked me to be short, and if I described all of her achievements, we'd be here all day. So I welcome Belle Sawhill.

MS. SAWHILL: Thank you very much, E.J., and I really appreciate everybody coming out on a rainy fall morning like this to be here with us, and especially appreciate your role today, E.J. There are a whole lot of people that I would love to be able to thank who – and Ron would like to thank, as well, who have contributed to the production and writing of this book. And I can't possibly mention all of them, but let me just mention one or two.

One really critical person who's totally self-effacing, she's out there in the audience somewhere, she's hiding from me, is Tori Finkle. Tori Finkle, stand up and take a bow. Tori was research assistant on this

book for two years I think it was, and she had to do all of the charts and footnotes and many literature reviews, and she just did a wonderful job, we couldn't have done it without her.

I also want to really thank our funders. This book began with an invitation from Mark Steinmeyer at the Smith Richardson Foundation. It was also helped by a further grant from the Pew Charitable Trust, who helped us with some work we did on economic mobility.

I would be very remiss if I didn't say that the Annie E. Casey Foundation and Mike Laracy in particular have been invaluable supporters of ours, and there are others, as well. Let me also thank our great team in the Center for Children and Families. My assistant, Emily Groves, and I see D.J. Nordquist back there, have been wonderful at helping begin the process of getting the book out to the public. So thanks to all of them and to many others.

Now, in a moment I'm going to start the process of giving you a bit of an overview of the book. But I think one thing that is distinctive about this book is something that E.J. mentioned, and that is that in this very polarized city these days, it is rather remarkable I think that Ron and I were able to collaborate on this book.

For those of you who don't know, Ron is a psychologist, he's a republican, he served in the Bush White House. I'm an economist and a democrat who served in the Clinton Administration. So how could we

possibly have conscience, efficient agreement to have written this book together? Well, it was hard.

I think if each one of us had written this book alone, we would have each written a quite different book, but we managed to write it together, and I think both of us are really too old to believe that we have any monopoly on the truth as individuals, and so we recommend this kind of collaborative process to everyone, and especially to our elected officials these days in the Congress. So let's get on with the book itself. Let's start with our vision in the book, which is very simply to provide more people with a shot at the American dream. And why do we focus on opportunity in this book? Really two reasons; first, opportunity is about opening doors or providing ladders into the middle class. And we think the public supports that goal much more than they support the goal of ending poverty or providing people with welfare.

The second reason is because peoples' fortunes change over the life cycle and even across generations. Even if you or your children happen to be poor today, you could be middle class tomorrow, or vice versa.

So in common poverty are very static concepts, we do deal with them in the book, but opportunity is a much more dynamic concept, and therefore, we think really worth focusing on.

That said, poverty and inequality are also concerns and related to opportunity because the more people you have on the bottom

rung of a ladder, and the further apart those rungs on the ladder are, and they're getting quite far apart in today's economy, the harder it may be to climb the ladder. So let's talk for a moment about inequality and poverty to set the stage here. This is a chart that shows what's been happening to income at different portions of the income distribution, the bottom, the middle, and the top, and I think what it shows you is, there's no question that we've had an increase in inequality in the U.S. In fact, we have more inequality now, according to most of the experts who study this, than at any time since the 1920's.

The middle class has made some progress over this period, but mainly because most of those families now have two earners and not because men in those families are earning more than they did let's say – than they did a generation ago.

What about poverty, poverty has also remained rather high of late. It has come down for the elderly. You can see the green line there shows quite a sharp decline, from close to 30 percent to just under ten percent for those 65 and over. But if you look at kids, those under 18, the red line, after a little bit of progress in the 1960's, we haven't had any further progress to speak of since.

And if you look at the overall rate for the whole population, it's been somewhat flat, as well, and, of course, as a result of the recession, we expect those rates to go up a lot now, and we've written another paper on that.

Now, turning to opportunity, how much opportunity do those who are born into less advantaged families have to move up the ladder when they become adults? This slide focuses just on those born into the poorest fifth of all families. It shows that your chances of moving up are not negligible, but that the most likely outcome for you is that you will end up in pretty much the same place that your parents were when you become an adult.

This is exactly the same picture, only for children who were born in more advantaged families, and it shows, again, that there's some mobility, but that the most likely outcome for you is that you will end up in the top fifth of the income distribution.

Finally, we can look at those children who were born into middle class families. For them, this really is quite a random process. They have about an equal chance of moving up or moving down within the distribution, in other words, doing better than their parents did or doing worse than their parents did.

Now, I don't want to leave the impression that we don't have substantial mobility in the United States. This slide moves from focusing on intergenerational mobility, in other words, how a child's status as an adult is related to the kind of family they were born into, to the somewhat narrower question of over your own career, over your own life course, what's your chance of moving between one income group and another income group.

And I think what this chart shows is that there is quite a lot of income mobility over the life course, and that if you look at the four rows there that begin in the 1960's and end in the current decade, you can't see any trend. In other words, it looks like there's as much within career mobility now as there was back in the 1960's.

If we ask the same question about cross generational mobility and asked has that changed, in other words, do we have more or less of that than in the past, there the research is much more mixed, very difficult to interpret, and we can't be definitive about whether intergenerational mobility has increased or decreased. My personal view is that it has probably decreased, but there isn't rigorous evidence to support that in an across the board way.

Let's finally look at how people in the U.S. compare to people in other countries. Look at the top bar, which is the proportion of children whose fathers were in the bottom fifth of the earnings distribution who remained there when they became adults, in other words, did their earnings look pretty much like their fathers did; 42 percent are in that situation.

In some other countries, mostly Nordic countries and the UK here that we have data for, your chances of staying where your father was are much less, in other words, there's more earnings mobility in a number of other countries.

So here's the grand summary of the factual part of the book that shows you what's happened to inequality, what's happened to poverty, and what's happened to mobility, and you can read that, so I won't repeat what I have just said.

But I want to go on to note that this book isn't just about facts, it's also about values. In particular, we asked the question, are people basically compassionate. This is a question that has interested me personally for a long time. The answer I think is, yes, people are basically compassionate. We know that from the work of evolutionary biologists, we know it from experiments that have been done by economists, and we know it, to some extent, from survey or polling data. What this slide shows is that sentiment in the United States has shifted in a more compassionate direction since 1994, which is somewhat interesting.

However, this compassion is at least partially conditional on why people believe other people are poor. Do they think it's because people aren't trying hard enough to get out of poverty, or do they believe it's because there are structural reasons that can – and circumstances, external circumstances like discrimination or not enough jobs that condemn certain people to be poor.

While the public is conflicted about this, about why people are poor, you can see that in the right hand pie chart here, how conflicted they are. And in the book, we talk a lot about this, and our basic conclusion is, you can't generalize, some people are poor for reasons of

circumstances, and some people are poor because they're not trying hard enough, and lots of times it's a mixture of the two and they feed upon each other.

Even more interesting, we think, is what the public thinks in the U.S. that's a little different from how the public thinks about these issues in other countries. To me, this chart is really interesting and quite dramatic. Take a look at some of these differences. The very first set of bars shows what people in other countries expect of their government in the face of why disparities in income, and it shows that, in the U.S., we are much more accepting of those disparities than people in other countries.

The bars at the bottom show how strong the belief is in the U.S. that people get what they deserve; in other words, if you work hard and if you're skilled and talented, people in the U.S. believe you'll get ahead. And so there is this view in the U.S. that we live in a meritocracy, and that I think colors very much what we're willing to do in terms of our policies.

Finally, what does account for success? There is, of course, a huge body of literature on this and a lot of opinion that diverges, as I mentioned a moment ago, but what we focus on in our book is the extent to which, if you get a good education, if you work full-time, and if you marry before you have children, your prospects are going to be very good. And we then organize our thinking and our policy agenda around the need to encourage all three. Here is the data that backs up this claim that those

three things are all very important. If you finish school, if you work full-time, and if you married before having children, what this chart shows you is that your probability of being poor will go from 12 percent to two percent, your probability of being middle class, meaning an income of at least \$50,000 a year, will go from 58 percent to 74 percent. So just doing those three things can be a good way of climbing the ladder.

With that, I'm going to turn this over to Ron to talk further about what needs to be done about these problems to make sure everybody has a chance at the American dream.

MR. DIONNE: Thank you, Belle, that was fascinating. I have a lot of observations on that, but I will hold them because I want to introduce my friend, Ron Haskins, who is a Senior Fellow in the Economic Studies Program here at Brookings, Co-Director of the Center on Children and Families, Senior Consultant at the Annie E. Casey Foundation, and significantly, he was also on the staff at the House Ways and Means Committee for 14 years, and was an author of the Welfare Reform Bill.

And just one personal story about Ron, he wrote a very good book on the success of welfare reform, and in the course of doing that, he noted how many columns I wrote eviscerating what he was doing at the time. And he told me that one of the covers he had considered for his book was a picture of me with egg on my face. Of course, I still think I'm right. But I deeply admire Ron Haskins for his commitment to the poor and for his excellent sense of humor. Thank you. Come on up, Ron.

MR. HASKINS: So writing a book is a lot like writing a rodeo bull, while it's happening, you're not sure how in the world you got yourself into this condition, it involves lots of pain, you're very glad when it's over, but if you're lucky, you also eventually feel some sense of accomplishment, and then when that happens, you start thinking, hey, I survived that, I could do that again. Are you ready, Belle? You're not, are you? She's older than I am.

It is a lot easier to write a book, though, when you're writing with someone like Belle. I could talk about Belle for the rest of the day, but let me just say three things, I know for sure that there are things that Belle doesn't know, but in nine years of working with her, I haven't found any of them yet.

The second thing is, even more important, she sets the highest possible standards, and then those standards strike fear in the heart of an old guy like me, and therefore, I wouldn't dare to make a mistake, so that has motivated me a great deal for all these years. And then finally, she's amazingly generous with credit. So writing a book with Belle solves the riding the bull problem to some extent.

Belle has already mentioned her staff assistance, we've been very fortunate. And I also want to mention, one of the most rewarding parts about being a scholar is that other scholars are incredibly helpful.

Last year, in December, after we finished the first draft of the book, we sent the book to – the draft of the book to something like 20 scholars and asked them to come here to Brookings for an all day conference to critique the book, and I think 19 of them came, I mean amazing, from all over the country, even California, and we spent a day, it was not totally pleasant, but we spent a day listening to all the – in our book, and it was really an amazing experience, and we changed a number of things in the book. I have to say that Belle's sections of the book changed less than mine did, but we still – we got great advice and that is a wonderful thing to be involved in. We wrote this book for two reasons, at least I did, and I think Belle and I really see eye to eye on this. The first is that we've always wanted to spread the American dream. The American dream is the right thing and it should be available to everybody, but especially because of family background, we simply do not begin at the starting line equal, as President Johnson used to say, we just do not.

Genes are different, family backgrounds are different, and you would think that in a wise society, that we would invest more in the kids that start with the serious disadvantages, but instead, in many respect, we invest less. Not only do those kids have disadvantages in their home, they tend to go to schools that are inferior, even dangerous, with teachers that are not very good in many cases, they live in neighborhoods that are definitely dangerous, as many famous recent cases have shown, so they just are facing a whole series of disadvantages, and not the least of them

is, they have a much more difficult time of going to college, and even when they get to college, usually with public financing, they're much more likely to drop out, and a major reason for that is because of their academic background from their inferior high schools, so they really face a lot of obstacles, and I think that's the main motivator for us writing this book, but there's another one, as well, and that has to do with self-interest.

I'm usually an optimist, but I certainly am not optimistic about the situation that our country has gotten ourselves into, especially the deficit, which will have to be paid off at least substantially, and when that happens, we are going to have Armageddon in Washington, we are going to increase taxes, and we're going to cut spending, the sooner we do it, the better, there's no avoiding it, period no avoiding it.

And so the democrats think that we don't have to cut social programs, including Social Security and do something serious about Medicare, like we're not doing on the Hill now; and republicans think we're not going to increase taxes, they are wrong, we're going to have to do both of those things.

America's lead in the world has been dependent on our great educational system, and we no longer have the world's best educational system, by far. We don't have the most educated population and we don't have the best educational system. Maybe our universities are, but the rest is not. So for these reasons, we also, for self-interest, we need serious improvements, we need to help the next generation

maximize its talent and potential, and if we don't, we're all going to pay a price for it. So it's both an optimistic view of the American dream and the problems that we face as a nation.

So we would launch a three front wars, it says here, and I would call this a traditional agenda pursued with new and in many cases proven, or at least as much as the social sciences can prove things, programs that actually work.

So my goal here is simply to mention a few of them. If you're interested and want to see the evidence, you can look at the book. And there are also one table at the end of the PowerPoint slide in your folder that summarizes all of our recommendations.

We did use criteria to select these, you know, not in any mathematical sense, but Belle and I had many discussions about these, and when we were arguing one way or another, we would cite these criterion.

The first one is evidence, of course, which I've already mentioned. And I would like to also mention here that we really had built up an amazing ability to test programs. I will say 20 years ago we could not do a very good job. Our evaluations were not very good. Now we know a lot more about evaluation, and we can usually identify a program that does not work, and we can avoid people claiming that their wonderful little program just works so well when we really don't know that because

all of the flaws that occur in most program evaluations, but now we can avoid that problem.

And the second criteria I want to mention is personal responsibility. Belle has already mentioned this. I think this is the reason that Belle and I have been able to collaborate despite our political differences, that we both believe the personal responsibility is extremely important.

Government has to help, government should do more, but without personal responsibility, without things like the sequence that Belle just explained to you, we are not going to make serious program. The government cannot do it all by any means.

The first set of recommendations said do it education, and logically enough, we have recommendations both for preschool, K-12, and for post secondary, and I want to mention just one or two of each. In preschool, Belle and I, we see slightly different – we have slightly different views of the strength of the evidence on preschool education, but we do agree that there's really no area of social policy that has more evidence over a longer period of time, including benefit class studies, that we – if we have good preschool programs, we will produce effects that last into the elementary years and beyond.

There's I think more than any other area we can say there's – well, the question mark that the trick is, of course, having a large number of very good programs, we can produce a small number.

So we have a recommendation of how to do this. We would spend up to \$6 billion a year, and we would spend it on competitive grants, and we've required the states to be the quarterback, and we would require them above all, first, to coordinate the resources they now have.

This would require breaking some eggs. I think many people here know what those eggs are, one of them would be head start. So we have to get the money we're now spending, which is at least \$26 billion between child care and high quality programs. And we need to do a better job with the money that we have.

Secondly, K-12, we have less to say about K-12 – oh, the slide, thank you. I forgot the slide. Okay, K-12. We have less to say about K-12 than the other two areas because there's so much attention in the country focused on K-12. I am a little bit optimistic, for the first time in years we are focusing so much attention, we're willing to spend more money, that's clear. The nice thing about education is, the money – the financing is divided between the local government and state government in most states, and also there's a substantial federal contribution which is increasing.

We really like two things that we think there's good evidence about; one is, better teachers do make a difference. We have very elegant studies now that show that. Show the question is, how can we get new teachers, and we have several recommendations. We're doing a lot

of things wrong. It's way too rigid the way we create teachers and certify teachers.

We need better education of teachers and we need teachers from a wide variety of disciplines. The entry into the teaching discipline should be much easier and then we should focus on teachers that we think have talent and pay them more. And we should pay them even more if they're willing to work in schools that have lots of poor kids.

Post-secondary education is an area that I am very excited about. This is a complicated chart, but I really want to draw your attention to two things. First, on the left are – these are kids, grown up, they're now adults, and they don't have a college degree. And the ones on the right, these five bar graphs on the right are kids who have grown up, but they do have a college degree.

And it shows you the quintiles, the income fifths that they come from. So on the far left of each set are the – these are kids from the bottom quintile. And on the far right in each set are the kids from the top income, the richest families.

And as you can see, as Belle already explained, there are huge differences in where these kids wind up. But look at this, look at the kids in the bottom quintile, almost a 50 percent chance to remain in the bottom, a five percent chance of making it all the way to the top without a college degree. But if they get a college degree, a 19 percent chance of making it to the top.

Now, there are other factors involved, but especially any people in the audience familiar with the research, there are no interventions that increase something by a factor of four, it just doesn't happen. So post-secondary education is a tremendous, tremendous tool. This is four year education, but we know that two year education does the same thing, and even briefer education, if it's focused on the labor market and it's effective in giving kids new skills, we can make great progress, and those kids will be able to avoid poverty, and many of them enter the middle class. So if we can figure out how to do a better job post-secondary education, we'll be rolling.

And we have a three part strategy for how we should do this. First of all, we need better preschool and public school. A big part of the problem, in fact, we both agree, the biggest problem is that kids do not arrive at college ready. We all know we have problems in our public schools. Our recommendations on preschool especially, but also K to 12, will make a difference, so that kids will be better prepared when they go to college, we think that's the single most important thing.

The second thing is, we spend a lot of money. This is an area where we are very generous. In 2008, we spent \$162 billion between loans and grants and tax breaks supporting mostly low income kids, not exclusively, but mostly low income kids to go to college. So we're spending a lot of money. We could spend it a lot better. And I would have to say that this administration has made many good

proposals. If all the proposals are enacted, and some are already at a committee, some are actually temporarily in effect because they were in the stimulus bill, I think we're going to make a little progress here.

I think probably the single most important thing or one of the two or three most important things is that we have to learn how to let kids know early that they really do have a chance to go to college, and we have to let the parents know.

We have a great mechanism for doing that. A lot of these families get their income tax credit. They have to apply to the IRS. IRS did immediately send them a note saying, hey, guess what, if your kid were going to college today, you would be eligible for a scholarship averaging \$8,000 or whatever it might be and loans, so think about it, you know. Can you imagine a Madison Avenue type writing an attractive notice to parents? We can do this, it would be fairly cheap, we should do things like that, and the administration, in fact, is looking into it.

The third part of the strategy is, we have to do more when kids arrive at college. I do think it's a little late. And way more low income kids and middle class kids drop out of college. But we are beginning to explore programs that help them once they get to college. Florida State has an extremely good program. They usually involve something in the summer, before they begin school, about studying and how to use campus facilities and so forth.

And another thing it seems to involve is a common place where these kids can go and get help with their homework and get advice from faculty or from senior students who can help them. So we could do a lot in education.

The second thing is work. We really have to do a better job of getting people to work. We were quite tough about this. In the 1996 Welfare Reform Bill, I don't have time to go into it, but I think the results speak for themselves. And this young man in the front row here does, indeed, have egg on his face, although he's washed it off by now, and has the audacity to say that he was right.

But anyway, the key to this is, what we've discovered is, you have to have requirements to make people work, but then you have to really enforce the work and give them additional benefits that are contingent on work, that is the key. They cannot earn enough. We have millions and millions of people, especially single moms, who are not going to make more than \$12,000 a year. Face it, that's – some of them are going to move up, but a lot of them aren't. So we need a system that's going to get them to 25 or 30 – \$35,000, and indeed, we have it. That system does have some flaws. The earned income tax credit is excellent in many ways – up to \$5,000, food stamps have gotten a lot better, Medicaid coverage for kids is excellent, but we do not have enough money for child care, it comes right out of their pocket, and that is probably the single most important thing we could do.

And if we could finally solve the employment and training – which we've spent billions and billions of dollars a year and not been very successful, we could help these families perhaps move up and earn more than \$12 or \$13,000 a year.

And then finally family. We have a whole chapter about family. This is probably an area where Belle and I had the least agreement. And we have several recommendations. I will be very frank in telling you that this is an area where we have the least evidence. We don't know what will work, but it's primarily because we haven't really tried very much. So there's a lot of things we can do, we've already done some things, we've done some important things in the tax code to help low income families and reduce the marriage penalties, there's more that we could do there. I think probably the single most important thing we could do is that we started a program in the Bush Administration, unfortunately it's become very politicized, and certainly in this town there's no way for republicans to blame democrats and democrats to blame republicans because they both do the same thing, but this is I think a potentially important program.

We spend \$100 million a year, which is a pittance in the federal budget, to fund programs all over the country, at the local level, through churches, through other local organizations, to conduct marriage education and other pro marriage activities to try to get a – start a movement in a community to understand at least how important marriage

is to the development of children and to the financial and psychological well being of adults. And the data in these cases is both very strong.

And also, Belle and I would very much like to try a public announcement, a campaign, a social marketing campaign in which we have advertisements about these advantages. And again, you can imagine really spectacular advertisements, because the advantages for kids and for adults are really good. And we have found through research that adults already know this, including low income adults, they just have trouble working it out. So we would like to try a campaign. We have several examples, especially in smoking, where public campaigns appear to have had major impacts on people.

And an interesting thing about a national campaign is, even if you only have a two or three percent impact, in the nation as a whole, that's a lot of people. So we think a public campaign about the advantages of marriage would also be very good.

And finally, we believe in paying for the bill. The hardest part of this bill for me was recommending something that we spend \$20 billion a year, that's net, we actually spend more than that, but we cut money in a number of places, which Belle graciously agreed to, but we still spend \$20 billion new dollars.

And so we – it would be hypocritical for us, both of us have worked very hard in the last say five years trying to do things to bring public attention to how serious the deficit is and how we simply have to do

something about the deficit. So we would finance it. And our mode of financing is sometimes – E.J. is going to get on us over this, but we think there has to be a long term trend or we moderate spending on the elderly and make more investments in children, we have to do that. And in this town, politicians aren't ready to take a penny away from the elderly, even if it's the wealthy elderly, so that has got to change, and the two things we would do is, change the cost of living adjustment in Social Security, which we should do anyway because it's unjustified in many ways, it's too big, it should be a little bit smaller, and we have tremendous savings, and we should fully tax those security benefits, which is a progressive way to make – to get more of this money back.

So the final word that I would have on this \$20.5 billion investment is, the worst thing in the world would be to do what we're doing now and make the Chinese pay for it. Thank you.

MR. DIONNE: Thank you, Ron. I want to invite our panelists to come up. I can't resist, three points I want to underscore from that presentation. First, I think it's very important that Belle and Ron highlight the extent to which people – how many people stick at the top of the income structure and how many people are stuck at the bottom. We tend to – we like to talk about ourselves as Americans, as a country of high levels of social mobility, and I think we need to face the fact that we have more problems in that sphere. Secondly, I salute Ron for statistically at least praising Scandinavian social democracy. I just want to call

everyone's attention to that chart showing how much mobility there is in Denmark, Finland, Norway and Sweden, so I expect Ron to be continued down this road.

And in the middle of the presentations, I was so appalled by this syrupy bipartisanship that I turned to Ron when Belle put up the slide on what happened to the incomes at the bottom of the income structure and I pointed out to Ron that they seem to drop during republican administrations, but I'm sure that was simply accidental.

MR. HASKINS: Why during republican Congresses.

MR. DIONNE: Right, that's – we can talk about the Bill Clinton years or the Gingrich years. We should say that you are – to Newt Gingrich, who was a supporter of the opportunity society. I'm very pleased to introduce our panel of respondents. Linda Gibbs is Deputy Mayor in the City of New York for Health and Human Services. It is either a sign that Mike Blumberg has no worries in next Tuesday's election or there is a total separation between governance and politics in New York that Linda is with us today. She oversees ten city agencies and the newly created Center for Economic Opportunity. Before that, she was Commissioner in the New York City Department of Homeless Services and the Chief Administrator of the Mayor's ambitious strategy to end chronic homelessness. She served in the Giuliani Administration as Deputy Commissioner for Management and Planning for the City's Office on Children Services.

And I love this, in her bio it says Linda and her husband, Thomas McMann, live in Dumbo, Brooklyn with their two children, Ryan and Leo, and I asked her what Dumbo stands for, and it stands for Down Under the Manhattan and Brooklyn Overpass, which is a wonderful neighborhood near the Brooklyn Bridge.

MS. GIBBS: It's – an acronym.

MR. DIONNE: Yes; Juan Williams has such an amazing bio, I could also spend the whole time – let me just pull it out, a few of the books he's written. He wrote *Thurgood Marshall, American Revolutionary*, which was re-released in 2008. He is the author, in 2006, of the *New York Times* best seller, *Enough: the Phony Leaders, Dead End Movements, and Culture of Failure that are Undermining Black America and What We Can Do About It*. And he is the author, as many of you know, of *Eyes on the Prize: America's Civil Rights, Years 1954 to 1965*. When Juan is not writing books, he is the Senior Correspondent for National Public Radio and Political Analyst for the Fox News Channel, an often honorably embattled Political Analyst for the Fox News Channel. He was an editorial writer, an Op Ed columnist, White House correspondent, and national correspondent for *The Washington Post*.

And lastly, David Brooks, who became an Op Ed columnist for the *New York Times* in September, 2003, he's been a Senior Editor at the *Weekly Standard*, a contributing editor at *Newsweek* and the *Atlantic*

Monthly, he's currently a commentator on the *Newshour with Jim Lehrer*, and also on NPR's *All Things Considered*.

He is the author of *Bobos in Paradise: the New Upper Class and How They Got There* and *On Paradise Drive*, how we live now and always have in the future tense. He tells me he – I said you really probably like this book a lot and he said that's because all my ideas on these subjects come from Belle and Ron. And David is my friend, and I have to say that he has made a living for a long time making fun of the educated upper middle class, and also urging everyone else to get more education so they have an opportunity to join the educated upper middle class, which would give him a larger target to attack. I first want to welcome Linda, then Juan, and then David to comment on this great book.

MS. GIBBS: Thank you. Good morning, everybody. I have only six minutes, so I'm going to bypass all the heaps of praise that Ron and Belle deserve for this book. And what I would say that is really unique about it is that there is so much knowledge, and I'm a big proponent of more research, more evaluation, but it is rarely brought together, and I think just having this set of recommendations to – that is quite comprehensive and really just think about the whole range of issues presented as one comprehensive program is incredibly useful, not that everybody has to adopt it in full, perhaps somebody will, but just having it there in total allows someone like me, a practitioner who is working in this work, a practical level at a local government, a chance to sort of think,

well, I like that – well, if I don't like that, what would I do instead, what would my hole look like.

And I think it's the kind of, you know, sort of bringing together that rarely happens, it is incredibly useful on a very practical level. I want to make five points; one is, we are in the tenth reauthorization year. It will be reauthorized by next fall. The debate is already beginning. We're hearing a lot of conversations across the country from the cash management agencies, those who administer cash benefits, call for – the conditions of welfare reform, the conditions of cash benefits now that exist in our country, I think that would be a mistake.

I think the lessons are that welfare reform worked. We saw huge rises in employment, particularly among the single moms who are raising children alone, and current commitment drops in child poverty, it worked. I think we have to do what we need to do to think about how to continue to make it work in the current economic situation.

But the pressures on local government to find budget relief wherever they can is going to put a tremendous amount of pressure on easing up, because the cost of that training and work support that really have to go together with that set of rules are expensive and people aren't going to want to spend that money anymore, and I think that pressure, combined with the fear about the ability to get people to work in this economy is going to put a lot of demands on some of the rolling back of

some of those rules, and I think we really have to resist that and think about how to adjust it, not roll it back.

The second thing is, I think that we have to take the lessons that we learn from welfare reform and translate them elsewhere. It skipped childless adults. If you weren't an individual that was enrolled in the Aid to Needy Families Program, the welfare reform didn't help you. All those investments in child care, EITC, and the training and work placement programs passed you by, and so we need to think about ways that we can successfully pick up those lessons and transport them over to the childless adult households.

I think a lot of those ideas are presented in this book, and I am eager to think about how, at a local level, we can start experimenting with some of those and try to give evidence that is missing in this area.

The lynch pin on that for me, it is the income of that second adult that is necessary in the life of that child in order to further reduce child poverty rates.

I think on the long term, I would say I reiterate everything that the book lays out on education. K to 12 reform is really catching on across the country, I think we've got to keep pushing that. But we haven't done enough on the zero to five population. And using – there is a lot of evidence, and it's just not being put to practical comprehensive use thus far. It is a rare circumstance when you see somebody that has got a very

comprehensive zero to five agenda, everything from nurse family partnership, early intervention.

All of the lessons about quality child care settings really need to be bundled together and then invested in a very ambitious way so that we don't see those kindergarten children entering kindergarten with huge learning disparities before their official education begins.

And on college, just one fact to leave you with, we've been doing some work about retaining and graduating young people with associate's degrees. I don't have -- our program, our -- system that we work with in the city does not have a four year degree program, but we've -- starting with the fact that nationally only 20 percent of the people that enroll in community colleges ever get a degree, only 20 percent. All of that -- billions of dollars in financial aid is being spent without actually getting a credential on the resume of that young person, or that middle aged person, quite frankly, that working poor person in an educational credential. We have initiated a program called -- ASAP -- first we like acronyms that are -- and I just got the two year results on that, 31 percent of the people in our test group have graduated with a two year degree in two years compared to 11 percent in the comparison group. Our goal is 50 percent in three years, 75 percent in four years, so I'll be back to check in in three and four years on that.

A number of things, working with a cohort, student counseling and aid support, a set time frame so that you can count on

when your classes are going to be over the entire period of your education instead of jumping all over the place.

The point I really want to make is that if you work hard and think about it, you can come up with strategies that have this kind of quick impact that we're seeing in New York. And so we need to do much more, not just in financial aid and marketing, but also thinking about what creates an educational setting that somebody can succeed in.

I have 15 seconds to make my last two points. The education is clearly a long term investment if we want to bring down the disparity in incomes in the country. In the short term, we can't forget some of the populations that are going to be – that are really going to have an increasingly difficult time in getting their feet on the ground, and so we need to continue to focus particularly on individuals with histories of incarceration to overcome all of the impediments for them.

And I would say the disconnected youth, young people 16 to 24 who are out of work and out of school and who are just floating, if we don't create more opportunities for them, they are riding their life in poverty right now.

The last thing is, and it was touched on in the book, is the importance of adopting a new poverty measure. Now, it actually I think makes more difficult the question about our long term strategies for assisting the elderly.

Under the National Academy of Sciences methodology, that would really very volatively improve on the poverty measure. The elderly poverty goes from one of the lowest rates as a cohort in the country to one of the highest. In fact, in New York City, when we applied the methodology, it drove the elderly poverty rate from 18 percent up to 32 percent, and the elderly poverty rate was higher than any other age group or racial ethnic minority, geographic minority, and so there is a reality that – graph that shows that we have solved elderly poverty, so to speak, and called them to question, if you use a better methodology, but it doesn't change the other reality, is that the cost of programs currently designed to support the elderly will not only bankrupt us, but they will impede the balance of how we spend our social support dollars. I ignored the stop sign 20 seconds ago. Thank you.

MR. DIONNE: Juan, welcome.

MR. WILLIAMS: Well, thank you, E.J., thank you so much. It's a pleasure to be here. And I'm reminded, you know, reading this book and thinking about these concepts and then the idea that they're going to have journalists comment on it, I always think of that famous joke about the – what's characteristic of editorial writers is, they're the kind of people who come in after the battle and ask the wounded why they're not dead.

And in this case, you know, here we are talking about people who are impoverished, who are in great need, and we are breaking it down into all sorts of cohorts and graphs and statistics for people who

often times are simply on the outside looking in in terms of upward mobility in American society. I had the experience after writing my last book of encountering people who would say to me, well, you have this diagram in the back that picks up pretty much on what we've just heard from Ron and Belle in terms of, if you want to escape poverty, we in America know how to do it, this is not a secret, we know that you should finish school, and not only should you finish school, but you should get as much advanced education as possible, and that there are direct correlates that will indicate your movement up the ladder of upward mobility based on how much education you have, this is not a secret.

Secondly, that you should stay in the work force, that you shouldn't think that you're going to be a rapper or an NBA star, but that you should stay in the work force even if it is in the colloquial language of your friends, flipping burgers at McDonald's, stay in the work force, get a job, get the experience, build a resume, build the network contacts, the human contacts that will allow you to be aware when there are opportunities that exist in this industry, whatever industry it might be.

Third, don't have children out of wedlock. And Belle I think laid it out pretty clearly, you know, don't have children before you're married, but the idea would be, don't have children out of wedlock. So marry first and then have children. So here we have these four things, and as I said, you know, I wrote a book, and Bill Cosby was honored last night at the Kennedy Center with the Mark Twain Award, I used Cosby

kind of as a shape in which I came to this conclusion, that we know, as Americans, how to get people out of poverty, but for some reason, when anybody mentions this, there's a great deal of opposition.

Now, we haven't talked directly about race in this, we kind of dance around it, but obviously, race is a huge part of this conversation, because 25 percent of African Americans, and close to that in terms of Hispanics, live in poverty in this land of plenty.

It is an astounding number, to my mind, given that we live here at the start of the 21st century, that we're so far past the mid 20th century experience in terms of battling for equality, equal rights, so it would seem to me to be an opportunity to talk about a new phase in terms of achieving equality, dealing with race in such a way as to say we understand that much of what remains in terms of the revolution, civil rights revolution in this country, now has to deal with assuring that there is this opportunity for equality. And I would just want to signal to Belle and to Ron how much I thought about the idea, that they're not interested so much in outcomes as in making sure that we can have equal opportunity. I think that's something in which you can get tremendous consensus in the American public for. People want to say if you work hard, we will give you a hand.

The real distaste I think at this juncture is for people who are not evincing any – manifesting any evidence that they are working hard or willing to work hard to get into the mainstream and willing to make sacrifices in order for future generations to succeed.

So what you have then is a situation where we know that if you finish school, if you stay in the work force, if you marry before you have kids and only have kids then, that there's tremendous prospects for success.

But what has happened here, to my mind, is that this has become now, rather than any dispute about the facts, this has become a dispute about, oh, you are blaming the victim, you are putting pressure on the poor, and why are you doing that and taking attention away from systemic issues that continue to demonstrate that there is racism in this society and that there is bias, for example, against women in this society, but, of course, bias against immigrants and the poor especially, the poor most of all. Why don't you talk about what continues to be evidence of persistent discrimination in American society?

Now, to my mind, again, the place where we should be having this conversation and the targets of this conversation at this juncture should less be government and much more be institutions such as churches, such as civil rights organizations, such as foundations in the non-profit sector in general.

The clear message should be that if you can somehow communicate to people, especially young people, that their chances for success are well documented if they simply follow this formula, I don't understand why we wouldn't say it to them. Why wouldn't we be sending out this message loud and clear?

Why wouldn't we in terms of civil rights organizations that will, you know, go to the mat if any time a policeman has a argument with a black kid, why wouldn't we be saying, wait a second, you know, we're less interested in who gets how many years for powdered cocaine versus crack cocaine, here's what we really want to tell you, we want to put our energy and focus on the idea that you should stay in school, that even if it's a bad school, even if it's just a matter of a school where you think, you know, I'm not getting a good education, I know the kids in the suburbs and the white kids are getting a much better education, they're going to be going off to these great schools, but you know what, stay in that school, flower where you're planting, take maximum advantage of that institution.

Why don't we send that message? Why don't we send a message that says, you know what, when there's a crack house in the neighborhood, we find it abhorrent, and there are going to be protests and marches against the drug deal, why don't we ever do that?

Why don't we say that, in fact, being incarcerated is not some kind of right of passage, but, in fact, in terms of your future, and your resume, your job prospects, it will be a tremendous obstacle to your success, so we want to do everything possible to keep you out of jail and away from the criminal justice system.

It seems to me these messages have to be sent by the institutions closest to those who are impoverished in the country. And therefore, there's a tremendous imperative, it seems to me at this

moment, for all of us who care deeply about the subject, but especially I think for people in the minority community who are in leadership positions to be shouting from the mountain tops, stay in school, don't have kids before you're married, and when you are married, understand the importance of staying married, that having children out of wedlock, again, the statistics are to be seen, is a tremendous negative in terms of your future prospects. How do we get that message through? That, to me, is really the challenge.

Let me just say, in conclusion, that I know that, as I said Mr. Cosby was honored last night, but you'll recollect that when he said some of these things about, for example, the incarceration rate being – in case of black men, black Americans, 40 percent of people in jail, 60 percent of people in jail are people of color, but 40 percent are black, that people accused him of airing dirty laundry and said he was taking attention away from the systemic basis of the problem, and Mr. Cosby obviously has tremendous stature in American society, much more statute in the minority community than I would ever have, a man who's done so much, but you'll notice that he was vilified, shunned and treated as if he had done something very wrong.

My thinking is that we need more of that type of attitude. We need people who are willing to take the risk, to stand up. It is not to say that you are giving ammunition to Limbaugh or to Beck or to whatever, you know, you view as somehow the ideological other side in this

conversation, to me, that is something that is paralyzing, and dangerous, and most of all enhances the status quo, which, to me, is unacceptable, that we should, if we truly are acting, and this is not just an academic exercise, but an exercise that has been practical, and be telling people who are in need of a cure, we have the cure, we know what we can do, and we know what it takes for you to do in order to be well, in order to guarantee opportunity for you and your children.

That is the key, and I think that right now, it's a matter of getting on that mountain top and shouting as loud as we can.

MR. DIONNE: Thank you very much, Juan. And David Brooks.

MR. BROOKS: Okay. First let me give Mayor Bloomberg some advice through you and the other members of the Bloomberg Administration. It seems to me this is somewhat – but not totally untrue, like most of my life, that there are three political traditions in this country, there's a liberal tradition that believes in using government to enhance equality, which is representative of the democratic party, there is a conservative tradition which believes in limited government to enhance freedom, which is representative of the republican party, but there's a third tradition in American life which believes in using limited, but energetic government to enhance social mobility, and that tradition starts with Alexander Hamilton, goes through the republican party and the WIG party, goes up to Teddy Roosevelt, and then dies out.

And we need leaders who can represent this third tradition by focusing on social mobility. And the reason you can have bipartisan agreement is, that agenda for social mobility is contained partially in both parties, but doesn't really have a firm voice in anyone. And when President Bloomberg becomes President –

The second thing and the main thing I want to talk about is Ron's horrible life decision. He started out as a psychologist and now spends his life thinking about quintiles, income quintiles, this was a gigantic mistake.

I've spent my life originally thinking about income quintiles and then realizing that all that really matters is psychology. And one of the things I've learned in my course of self teaching myself about psychology is the principal of emergence. We have 100 billion neurons in the brain, a concept is not contained in any neuron, it emerges out of the interplay of millions of neurons. Poverty is exactly like that. Poverty has many causes, it does not – it is not contained in any one cause, it arises out of the interplay of all of these causes, of structural economic problems, of culture, of race, of geography, of personality, it emerges out of all that.

You can have a long debate about what causes poverty and what's responsible for what percent, that is a totally useless debate. It's like arguing what neuron contains the concept of justice. It emerges out of all of these things.

And the lesson I draw from that is, there are two different debates here, one, what causes poverty, a mostly academic debate, and two, what to do about it. These are unrelated debates, not totally unrelated, but mostly unrelated, and so it's mostly important to think about what to do about it, and that doesn't mean just undoing what caused it.

The second concept that I've learned from psychology is that we have within our brains what they call duo processes, two different processes within our brains which the scientists, because they're a very creative type, call system one and system two. System two is the conscience part of our brain, rational decision-making, follow economic incentives; system one is the unconscious part. System one is most of the brain. It has to do with things like motivation, what we want, how we perceive the world, how we perceive threats, all these sorts of things. This is, by far, the most important part of the brain.

And if you're thinking about what to do about poverty, we understand much less about the unconscious part of the brain, but nonetheless, the programs that address this part of the brain have much bigger impacts.

Now, what are these unconscious processes? There are three quick experiments that I'll just – to illustrate. One is the power of love. They took some kids – this is a very old study in Romania, in these horrible Romanian orphanages, they took some kids who were in the orphanages, they adopted them out, then they compared five years later,

their IQ's, the kids who were adopted to the kids who were left, and there was a gigantic difference, I think something like a 40 point difference between the kids who were adopted out. And it wasn't because the mothers who adopted them were tutoring them, the mothers themselves were mentally retarded and living in a different institution, and it was simply the love between a mother and a child that created this huge IQ gain. And we don't talk about love much at the Brookings Institution, but that's important.

The second thing, and this is the most famous social science experiment, it's obviously my favorite, is about self-control, and it's mentioned in the book, and that is the Walter Michelle experiment. We took some marshmallows, put them on a table in front of a four year old, asked the kid, you can either eat the marshmallow now or I'll come back and I'll give you two, the kids who could wait seven or eight minutes, 20 -- much higher college completion rates; 30 years later, much higher incomes. The kids who can -- much higher incarceration rates, much higher drug and alcohol addiction problems. And that's the kids by age four who have learned to control their impulses; are going to do well in school. The others will not.

The final is attachment theory. The kids -- some kids know how to use adults to get their -- what they want; some kids do not know how to. And by age four you can predict with something like 77%

accuracy, according to a Minnesota study, who's going to graduate from high school based on their attachment.

So the programs that actually work go directly at these unconscious tendencies. For families that have -- that succeed do this, immigrant families do this, mentors do this, nurse family practitioners do this who visit the families, the KIPP Academies do this very self consciously; they'll take kids who are high school kids for an hour and a half and show them how to walk into a classroom, how to walk down the hall, how to nod when somebody is talking to them. They are consciously going after these social skills that most of us middle class people are unaware of.

So these are the skills -- these are the programs that actually work, that talk less about economic incentives, less frankly about giving kids messages consciously, but imbed kids in institutions where they will learn these unconscious habits. And so to me, the value of this book is that we've had a horrible divide in thinking about poverty. And it's a divide represented by Adam Smith.

On the one hand he wrote the "Wealth of Nations," on the other hand he wrote "The Theory of Moral Sentiments." He thought these two books were part of one project. For perverse reasons, for the last 200 years, we've divided these projects between economists on the one hand and philosophers and psychologists on the other.

And this divide, which the Brookings Institution has some responsibility for, has been catastrophic in my view. And bringing -- healing this divide so philosophy, or psychology, and talking about love, merging it with talk about economics is really the only way to think intelligently about poverty and social mobility.

And the value of this book, aside from containing everything you would ever want to know about the subject, is that because -- economists and a psychologist, it more than any other book I know gets us thinking about psychology and economics in one narrative and combines all of this talk about the mushy stuff and the love, which people like my wife like to talk about, and the hard stuff that economists like to talk about. They show how it's intermarried.

MR. DIONNE: David, thank you. I am pleased to announce that Brookings has named David the Director of its new Center on Love and Social Policies. And I appreciate also his presentation of the -- Reconstruction and Power of Love Act of 2009. To give you a sense of how we're going to proceed here, I'm going to ask about three pointed questions. I actually have a long list of questions. I asked Ron to say well what kind of questions would you want to answer and he actually asked them -- he asked -- some pretty tough questions but my first two aren't on his list.

Then I'm going -- I'm going to just ask three, then turn to the audience, although I'll reserve the right to come back on some of these

other questions. And I want to invite our panelists to jump in at any point as I'll probably direct my questions to Ron and Belle but I want you to sort of feel free to jump in. And I want to warn Bruce Reed that he is going to be my first question from the audience, not because he was Director of Domestic Policy under President Clinton and worked closely with Ron on the Welfare Reform Bill, but because he is the --

SPEAKER: --

MR. DIONNE: Oh, that's right; that's right. But he -- I was thinking of this bipartisan negotiation. But also because he is the Steven Cober of the policy -- world. He can make you laugh at things you ought to cry about; so Bruce welcome.

The first question I want to -- oh, Belle leaned to me and said this is too much of a love -- and I said I'll take care of that. So let me ask you -- it seemed to me on a lot of what you say I think there is broad agreement in -- when you talk about boosting educational levels, a lot of reform in that area, expanding the work support system, the ITC, child care, medical care, food stamps; I think there would be broad support for that.

It seemed to me that you were ducking almost all of the structural explanations for what's happened here, or mentioning -- you mentioned them; you're too smart to duck them entirely. But I was very struck by something early in the book where you say that there has been a polarization labor force over the past two decades that has favored both

low wage and high wage workers over those in middle wage jobs. And there's a very arresting number of productivity growth after 1973 and it continued along the same path that had prevailed from '60 to '73 and had been equally distributed across the population.

But listen to this; the typical man with a high school education would have been earning \$71,000 a year by 2007. As it happens, that man is earning only \$23,600. It seems to me that you don't want to talk about -- much about the cost of free trade or technological change and how that's driven down the wages of this median man.

You don't want to talk about -- much about the decline of unionization and how that's taking jobs that once provided a decent living and don't provide a decent living anymore. How do you respond to that critique, which I suspect is a critique that's going to come your way, not just from a question around the panel?

MR. HASKINS: Let me speak first more briefly because Belle knows a lot more about this than I do and she's smarter. So she'll give a better answer. You point out only the positive sides of free trade and unions. There are deep negative sides; ask General Motors. And for free trade we had -- the poor in this country, we don't measure this at all by the way and it would make a big difference if we did; poverty rate would go down. They are able to get goods and they disproportionately use goods cheaply that come from several stores that your friends criticize because they're not unionized, like K-Mart, and they are able to buy cheap

goods, primarily from China, or at least substantially from China. So your arguments have both sides. And besides that, there's not much we can do about it anyway.

Are you proposing that we put up barriers to trade? And then where would we wind up? I mean the whole world would be -- have serious difficulty, including -- countries. So I don't -- my own opinion is, and it's probably because I'm a psychologist and not an economist, that we ought to work on what we really can work on and that -- the reason that we're falling behind, the reason that we're not doing as well as some other countries is primarily because of education.

If we can get people more education, starting in the preschool years, that would make a tremendous difference and then people would come to the starting line much more equal than they are now. We would be able to produce plenty of -- we have jobs now that go wanting because they don't have -- we don't have enough smart people to fill them. So I think we ought to work on what we can work on and education is the most reasonable thing. And the second, of course, is family.

Kids are at a tremendous disadvantage if they come from single parent families and they live in communities of single parent families. A lot of people are reluctant to talk about this but that would make a huge difference as well.

MR. DIONNE: Just to sharpen the question for Belle, William J. Wilson has sort of talked about this interaction between family break up and the decline in well paying blue collar work where you used to be able to raise a family at a decent level without, you know, all of this education and that that's harder now and that there's an interactive effect between family, you know, family breakdown does cause poverty but this decline in opportunity also causes family breakdown.

MS. SAWHILL: Let me saw a few things because you've brought up a whole lot of really great interesting questions. First of all, on sort of are we avoiding the systemic issues. To some extent we are. Let me take the current recession as an example. It's sort of silly to say in the current recession go work full time and you'll be fine; if you can't get a job. So we would fully admit, I think even Ron would totally agree.

MR. HASKINS: What do you mean even Ron?

MS. SAWHILL: That in a period like right now, some of our messages that Ron's talked to eloquently about, probably sound a little hollow. So, you know, agreed. On trade and technology, there is a ton of research that's been done on these issues.

Take the trade issue. Probably the greatest contributor to that research has been Paul Krugman, not exactly a conservative. And he's now won a Nobel Prize for a lot of his research in this area. And he gave a paper here at Brookings about a year ago on exactly the question you raised.

That he says, and he's reviewed all of the evidence and I review it less adequately in the book, that there is no strong evidence that trade is the problem. Yes, you can see bits and pieces that it may have been a problem; we may not be measuring it very -- the effects very well.

In the book I talk about, or we talk about, the Barbie doll effect because a Barbie doll's hair is manufactured in Japan, and the body I forget where, Indonesia, and the design is done in the U.S., and so forth, and so on. So it's very hard when products are so disaggregated as they are these days in terms of their production, marketing, and design to exactly measure the effect of trade or outsourcing. And it may become more important in the future but so far, the best research in this area doesn't show it's played a major role.

I think that education is key. If you don't have a good -- because technology has shifted, the nature of work in our society because so much has been automated now, the skills that are well paid and well rewarded are problem solving skills, interpersonal skills; those are what we need and those require both David Brooks' love agenda to teach people the interpersonal skills and more standard economist type academic skills to be able to do the problem solving that is needed and well paid.

You know, one of the problems, by the way, if we do go in a protectionist direction will be that it will have a huge impact on poverty but not poverty in the U.S., poverty in the world. There is no more adverse

thing that we could do if we care about the world's poor than to start a protectionist move in this country. So -- well I could say a lot more but I should stop there.

MR. DIONNE: Does anyone want to comment on this question, any of our commenters?

SPEAKER: The other thing that comes to mind if you want to read a book that addresses the issues of unions and technological advances, among other factors, Larry Katz's book looks at this and just -- the conclusion that he drew was education.

So to the extent that somebody really took a rigorous look, I'm not any where near as smart as he is and I tried to read all of the chapters but probably didn't absorb even half of what I actually read. But when I got to the end and saw what looked like a very sort of familiar set of recommendations, it gave me some reassurance actually.

MS. SAWHILL: Just to add to that a bit; what's going on here is that educated workers are in much greater demand than they used to be and the supply hasn't kept up. You know, and I really want to underscore the last point. I mean amongst men in America, college going is really flattened out enormously. Women are still doing pretty well but not men, and particularly not, you know, less advantaged men. The education system needs to be improved but we also need to really do what Ron talked about, which is make sure that people understand the need for an education in today's economy.

SPEAKER: Ron or David, are you going to say anything about this?

MR. BROOKS: I'll just say something quickly. I don't want to violate any -- confidences. There was a lunch a year or two ago with Mayor Bloomberg and a series of economists and it was off the record but I won't say what it was. But all of the economists were talking about these vast structural problems like technology and how technology was affecting the work force and I was vibrating with frustration because you don't often actually get a chance to talk, or lecture to, a policy maker.

And if you're talking to a policy maker, tell him or her things they can actually do. And especially for a mayor, or a governor, or even a member of Congress, there's very little they can do about technology. There is actually a lot they can do about preschool. And so that's why I always focus on what can you do, not what are the causes. And that's why I think it's so important to talk about that other stuff.

SPEAKER: And I would just add to this that -- I would boil it down in my mind to what would I say to my own children. Would I say to my child, in much the way that David says, you know, if you're talking to a -- oh, yeah, curse the fates about the systemic issues that were in E.J.'s question about globalization, technology, the fact that if you have a strong back and a will to work there's less likelihood that you will be able to succeed in this economy, or would I say to my child, here's what I think you need to do in this current environment to succeed?

Of course I'd say let's take steps that are concrete and specific in terms of things that you can do. And I think that's what you were speaking to, David, when you were talking about the KIPP schools or these other institutions that not only offer love but offer very concrete steps in terms of social behavior that will lead to positive outcomes.

So I find, you know, it's a question that of course we can play skunk at the garden party and get these two -- so it's not such a love -- but it seems to me that to get beyond the academic exercise there really is a value to saying you know what, this conversation, if it comes down to personal responsibility versus systemic causes, is not a fruitful one for people who are in need of changing their circumstance and moving up that ladder of upward mobility.

MR. HASKINS: Can I add just one thing to this? It's in the American tradition, I mean think about this, it's in the American tradition; everything changes. How many cowboys do you know that make 50,000 a year? How many train engineers do we have? How many steel workers?

The whole American history has changed, changed, changed and then the other half is adjust, adjust, adjust. That's what we've done; that's what happens when those jobs disappear. We adjust and parents tell their kids what -- would tell their kids; they get education in something else and they're still successful or they get reeducation. Sitting around moping is not going to help.

MR. DIONNE: Right; just to put a word in here, I don't think I'm talking about moping or in fact disagreeing with Ron about what you tell to your children. But in those periods of change, change, change -- actually had social policy that responded to those changes and there was a reason why a steelworker who made very little in 1929 was making a lot more in 1939 and that was because we changed the structural work with Unions. So we had --

MR. HASKINS: --

MR. DIONNE: I'm sorry.

MR. HASKINS: I'd say it's probably why we have fewer steel workers --

MR. DIONNE: Well now, but we had -- we created a vibrant middle class based on well paying blue collar work, which is now a much more difficult thing to do. And so I think you need to -- you need to say to your own children what you need to say to your own children, but social policy has to look at both the structure and the solutions.

Let me -- since I'm playing the skunk role, I'll ask another skunky question, which is, I -- at the end where you talk about paying for these programs in significant part by cutting spending on the elderly. And it struck me that the whole -- analysis in the book about economic and equality was not in any way linked to why are you going after the elderly at the end here. It's not -- they're not the cause of this problem.

The whole book describes how income equality and wealth equality have gone like this and instead of going straight after those who are more privileged and saying we need to take some of this money and distribute it around, you say no, we need to cut Medicare and Social Security. Why do you set up this generational choice at the end? And my suspicion is that you have an additional agenda here, which is a legitimate agenda we can argue about which has more to do with fiscal responsibility than the rest of the, you know, cutting the deficit than actually helping the folks you were talking about in the book.

MS. SAWHILL: No, I actually disagree with that, E.J., and here's why. If you talk about where the, you know, who's doing well these days, obviously the elderly are a very diverse population. However, unlike working age families and their children, the benefits that we give to the elderly are first of all huge. I mean they dominate the benefits we give to younger Americans by a very large magnitude.

MR. DIONNE: And a significant part because of the cost of healthcare, correct? I mean --

MS. SAWHILL: Yes.

MR. DIONNE: -- of that is Medicare.

MS. SAWHILL: Well, even the Social Security benefits are not inconsequential. Second, the elderly -- that there is no income relating of those benefits that go to the elderly. You know, the average elderly couple -- always has these numbers. I think it's about a million dollars,

you know, during their senior years. And the evidence is that the baby boom generation, many of us here, I mean actually I'm a little older than baby boom, but the baby boom generation is going to have an average income, according the Mackenzie Global Institute projecting forward, of about \$100,000 a year. And why is it -- that's the average.

Why is it that people who have an income of more than \$100,000 a year couldn't in the future, not immediately, we're not going to cut anybody's benefits, we're just going to slow the growth of those benefits and we're going to invest enough in the younger generation so that their productivity, and therefore their incomes, will go up and they will have some responsibility to save more so they can contribute further if they're well off to their own retirement costs.

Why do we have to go there? Because believe me, if you try to find the money by just raising taxes, and the CBO has done a study like this, we want taxes that are twice as high as what we have now and yet when we try politically even to do something like eliminate the tax preference from employer provided health insurance on the working age population, we can't do it.

And imagine what kind of a revolution we'd have in this country if average tax rates went from 30% to 60%, which is what we would have to do if we want to even close our existing deficits, much less make any new investments. So I'm for raising taxes, I'm for cutting

military spending, I'm for scrubbing the entire federal budget, getting rid of, you know, -- and abuse which is --

SPEAKER: Peanuts.

MS. SAWHILL: -- peanuts. But after you've done all of those things, you're still going to have to reallocate some resources if you want to make investments in the young. You just can't make them otherwise and it would not be a responsible agenda, where younger families and their children are concerned, if all we did was to ignore these deficits because the burden of paying the interest, most of which is going to go to the Chinese by the way, is going to be on their backs. And that is not a fair thing to do.

MR. DIONNE: Let me -- let me --

MS. SAWHILL: --

MR. DIONNE: -- to your question you asked yourself because I think they're organically linked. Just to show Ron, as a very tough self critic, this is word for word the question he proposed I asked him. You clearly intended your book to make a grand set of recommendations that could greatly increase opportunity in America, especially for the poor. Don't you think a mere 20 billion is pretty skimpy to accomplish such a grandiose goal? So you can take up your own question at the same time.

MR. HASKINS: To a Republican who was on the Hill in '95 and '96 when, along when President Clinton -- tremendous efforts to end

the budget deficit, which eventually were successful in large part due to President Clinton, a mere 20 billion is an oxymoron. It's crazy to say a mere 20 billion; that is serious money. Ask anybody in America.

MR. DIONNE: So you set up a straw man in the question --

MR. HASKINS: Well you know, I was hoping -- I was trying to learn -- but look, I want to -- I want to -- I want to continue on.

MS. SAWHILL: There's also demand costs.

MR. HASKINS: Yes, and that, but it's only a couple billion more; only a couple billion. I want to continue the David Brooks emphasis on psychology and I would like to point out to E.J. that one of the great advantages right in the chapter like that last one, saying the outrageous thing of oh my God, we're going, to use your word, cut benefits for the poor; we're just going to moderate the growth.

But it provokes people like you and that's what I want to do. I want to provoke Liberals and Conservatives both, and I want to humiliate politicians that are constantly giving away our money to the elderly. And not only that, they have set up these programs so they don't have to lift a finger.

They go on year after year after year; all of the other programs, even Defense, they have to be reviewed, they have big battles, and Committee people, you know, spend a lot of money lobbying and all of that. But for the elderly, Medicare, Medicaid, Social Security, they go forever; forever. So we have to make fundamental changes and we've got

to reduce the rate of growth and spending on those programs or we're going down the tubes. Never mind our dinky little 20 billion.

MS. SAWHILL: We not only won't be able to afford new programs, we will be cutting the programs we have for younger families and children, believe me, if we don't do something about this program.

MR. DIONNE: I had no idea today I was walking into the Ron Haskins -- Bruce Reed, please, and then I'll go to the --

MR. HASKINS: Let's see if the --

MR. DIONNE: Oh, yeah.

SPEAKER: I have no -- except for Belle said we should cut -
- fraud, and abuse. I want to keep the abuse. I kind of like --

MR. DIONNE: That part of -- your psychological interest.

MS. GIBBS: I worry of why it has to be -- why your argument, which I think is brave argument to be made, the conversation has to start and it's a huge issue, along with many other issues of aging in our society that -- were we're just putting intentional blinders on. We have a lot of resistance and uncomfortableness about talking about it. So I think it's a necessary conversation. I hope you guys have a security detail to protect you.

I don't know why you had to put it in this book because I do fear that it's going to create that generational warfare and I sit in a seat of responsibility for both of these populations in our local programming and I

don't want to articulate it as you've got to take away from these folks in order to support these children.

SPEAKER: Well why not? I say that to elderly audiences all of the time and elderly people, at least in audiences, applaud. Don't they understand?

SPEAKER: They do understand --

MS. SAWHILL: I mean we could actually increase benefits for the more vulnerable elderly, you know, the very old, the frail, the disabled, the -- people who are really, truly low income. But what we need to remember is that a lot of the people who are getting a huge chunk of our federal budget right now are in no way disabled, poor, or lacking in resources.

SPEAKER: I would just add that the key point in my mind is that the elderly vote. Not only do they vote, they give money to politicians and even more so get active in campaigns. So they know what's going on. If you've just been following the healthcare debate on the Hill, what do you see? Even when there's discussion about limiting Medicare advantage, which is for, you know, upper income elderly folks, boy the politicians run like roaches in like. You know, I mean it's unbelievable.

We're not coming near it. We don't want any part of it. To my mind, you look back at what the Congress has been able to accomplish over the last few years and obviously keeping down the high cost of prescription drugs, Medicare Part D, that would be almost the

highlight of their record of accomplishment. And of course, it's intended to please that elderly population.

The whole emphasis is on making sure that people who vote and who give money to politicians are happy. Kids are not in that population. Minorities, immigrants, are not in that population, even as we might say it's just and would help for this to provide that ladder of upward mobility.

MR. BROOKS: Thank you -- one minute. The British Conservative Party just announced they were going to raise the retirement age. This was popular in the country and it was popular to the elderly.

MR. DIONNE: I just want to say that all of the health bills right now cut Medicare advantage. So there is something going on; Bruce Reed.

MR. REED: Thanks, E.J.; and congratulations to Belle and Ron who are two of the most hard-headed and thoughtful people that I've dealt with in government. Belle was one of the lonely voices for welfare reform in 1993 and '94 when our political consultants were saying wait until '95, we'll have more Republicans in Congress to work with. It turned out to be of the more -- predictions. And Ron was an oasis of sanity in that Congress.

We used to complain that Newt Gingrich's colleagues -- that the trouble that Gingrich ran into was that his colleagues actually believed the talking points that he was giving them. But Ron never fell into that

trap; he always kept his head. He was a true Conservative in the best sense of the word. And if anybody's going to be able to find -- to get CBO to provide \$20 billion in -- savings from debt panels, I'm sure Ron and Belle will be able to do it.

I agree with Juan that Ron and Belle have hit upon the most powerful broadest consensus for these kinds of policies; that Americans believe in equal opportunity, not equal outcomes. Bill Clinton's governing philosophy was opportunity, responsibility, and community.

When George Bush ran for Governor in Texas, he had signs on the sides of school buses that said opportunity and responsibility. So there's no question that opportunity and responsibility are the only motivational speech that both Bill Clinton and George Bush would be willing to give, and I suspect President Bloomberg, as well. So I think that's the right place to start from.

And I have three questions for the panel; first for Ron and Belle. Linda made a good point about changing the poverty measure, which I think is a good although difficult thing to do. I wonder if in your work on the book you looked into the possibility of having a nationally agreed upon opportunity measure or social mobility measure that seems like given the power of the statistics that you've showed us, it would be a remarkable thing if, as a society, we were judging ourselves on how well we were helping people move up, as well as what kind of tough circumstances they were in.

Question for Linda; I love what you're doing on college completion. I think that accountability in college and student aid is one of the most important reforms we're going to have to make over the next decade if we're going to keep up with the rest of the world. And I wonder if you could say a little bit more about CUNY ASAP and what kind of systemic changes we need to make to give individuals and the institutions themselves more incentives to actually produce results and actual graduations, which make all of the difference.

And then the last question is for the whole panel. To finish the job of welfare reform we need to ask as much of fathers as we did of mothers. President Obama has made that a big priority in his career. What would you have him do on that score?

MS. SAWHILL: I'll take the opportunity measure question, which I think is a wonderful question, and I think there isn't such a measure right now and I think we need some creative thinking about that as well as some, you know, further work with the data.

We are trying to, or planning to build a model here at Brookings, if we can get the funding for it, that will look at the proportion of people who are middle class by middle age and show how different policy interventions can change that proportion. And I think that's a start on your question.

Right now the young man right in front of you here, -- is doing what we call a life tree analysis, which is a start on your question

about that, which is a terrific question. I see -- from the -- here; they are doing a lot of work in this area. She may want to say whether they've addressed this question or not. And I want to also publicly thank her for all of the work that we did together with them and the support that they provided. Oh, I have to -- somebody else -- you may want to say more about --

MR. HASKINS: No, I just want to say something about fathers. We lay out an agenda in the book for low income fathers, minority fathers, it is a tragic story and we're not going to fix our big problems until we do something about minority fathers and minority males in general. 62% of black men who drop out of high school go to prison, 62%; and this is greater than any country in the world.

It's just huge compared to anything we've done in the past. Who knows what's going on here. We have to think through this problem really carefully and we need to keep them out of prison, we need to change the laws, and do a lot of other stuff that I think we talked about.

The one thing we could do to be directly -- of you is we should have programs to help these guys when they come out of prison to help them adjust to the community and find jobs. We actually have fairly good studies in New York City and elsewhere that show that you can increase employment rates by -- if you help them find a job. A lot of the problem is that they don't have the networks, they don't have the contacts, and a lot of employers who would hire them are afraid to because of their

liability and especially what might happen to their insurance rates. So these companies can help smooth that path. So that's a very important thing.

Secondly, they're not going to make much money so we -- and they're generally not eligible for their income tax -- so we should have -- income tax credit. We do propose that in our book; we think that's potential. We would not do it nationally in the beginning because we're not sure what its effects would be. We'd do it over a period of years. So we were very aware of the fathers' problems. We have other recommendations but those are the most important.

MS. GIBBS: So CUNY ASAP; I'm going to try to -- Accelerated Study for -- I don't even know what it is. It's a -- so it's a cohort of about 1,200 students who are two year students at CUNY. What we wanted to do was to work to figure out what the designs would be that could help improve that graduation rate.

The first thing we observed is that there are overwhelmingly working poor individuals often time with raising children. And so they're doing school, they're doing child raising, and they're going to work. And the concern that was often raised is that from one semester to another the course selections would jump all over the place.

And so the first thing is over the entire period of their enrollment, all of the courses will be offered in time slots; morning shift, afternoon shift, evening weekend shift. You enroll in one and then you

know you can commit to your work schedule. You don't have to make a choice between school and employment.

A cohort; -- doing this with my daughter who is in public high school in New York City where they're developing a single guidance counselor who stays with her and her group of 28 kids for the entire four years of high school. That guidance counselor knows my daughter better than I do now.

The same idea in this program where there are guidance counselors who stay with the cohort. The cohort supports each other, cheers themselves on, doesn't let each other drop out, and then the guidance counselor stays with them along the way. So those two are I think probably the most significant items. We partnered with and got free books for the kids so that helped financially. The -- and I say kids -- they're, you know, they're usually in their mid 20's; they're not straight out of college -- straight out of high school.

They've -- a lot of them have spent some time between high school and college and it's -- is free but the fact of the matter is that's because they're all eligible for financial aid and we're just packaging it in a way that -- finding some loose change to support where the tuition assistance doesn't achieve that.

It's a very committed; it's on six different CUNY Campuses so it's not about that one exceptional leader who just has the, you know,

the inspirational ability to make a program successful for young kids. It's in six different environments.

MR. DIONNE: Thank you. I'd like you to hold on your question for the end. I'm watching Obama do -- and one of Ron's good questions is how do you grade Obama so far. We can do that at the end. This lady over here; thank you.

SPEAKER: Good afternoon and thank you all for being here because it's a grand opportunity to have so many experts on the field on the panel before me. First of all, I'd like to say I'm from Huntsville, Alabama and I know everyone's heard of charity begins at home. I've heard about -- first of all --

MR. DIONNE: Could you hold the mic closer and kind of get to a question just because there are a lot of people who want to get --

SPEAKER: Sure, sure. And I'll try not to be so long. I'm a lawyer and lawyers talk a lot. But I want to let you know that I have read -- and Ron Haskins different articles.

SPEAKER: And you still came today?

SPEAKER: Despite having read -- and also I read all of your articles. And in fact I worked on Capital Hill when Ron was there; I was Chris Shays' Associate Council. He went on to make it big but I'm making it big too because I work as the Special Project Director for the Family Investment Administration helping -- people. And in fact the last time I saw Ron he was being invited to the -- Celebration.

But what I want to say, and this is my only opportunity to say it, as I've read about the major and growing gaps in intergenerational wealth between races, it's like a given. Everybody's written about it. There are articles about what to do with the American black boy because, you know, he's so -- one thing, and I'll look at my notes here, Mr. Brooks said that the psychological approach plus economic factors work better than economic approach alone and that we should tell policy makers what they can do. Human skills, interpersonal skills, should be secondary to technological skills. What I have found, and I have been to every institute in Washington --

MR. DIONNE: I'm sorry, ma'am. Could you get to a question quickly? I just want to make sure I get everybody else in.

SPEAKER: I would like to know of all of the experts -- first of all, how many people look like me in this room? We're talking about poor, low income people who we are trying to better their lives. I wonder which of you have some poor, low income people who started from the projects and moved up to Stanford University because she was dedicated and smart and then moved on to New York University and became a lawyer and worked for Chris Shays.

I -- when I apply for jobs at these institutions, I know that I have a lot to offer because I don't believe in teen pregnancy. People at institutions don't give people like me who don't have an economic

background a -- of a chance for being on board. And I know I have a lot to contribute and given the fact that --

MR. HASKINS: Ma'am, I appreciate that.

SPEAKER: -- world has not reached that cycle of poverty --

MR. HASKINS: Can I answer your first question?

SPEAKER: We need somebody --

MR. HASKINS: Let me -- let me answer your first question.

SPEAKER: -- in addition to you experts --

MR. HASKINS: Okay; let me answer your first question.

SPEAKER: -- on the case.

MR. HASKINS: Yeah.

SPEAKER: I'm sorry.

MR. HASKINS: The first question about poverty.

MR. DIONNE: Thank you.

MR. HASKINS: Sitting right over there is my cousin, David McGinnis and his lovely wife Patti. I used to go down to David's house when I was a kid and I literally froze my ass off because I had to go to the bathroom in a toilet that was outside. And we took a bath in tubs that were filled with water that was boiled on the stove. And David now owns his own company and so forth. I mean this is a typical American story that does happen; it does happen.

You've got to stop. We've got too many other people in this -

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MR. DIONNE: This gentleman over here; do you want to just bring -- thank you, ma'am. I appreciate it very much. So --

SPEAKER: --

SPEAKER: My name is Dmitri Novik, and I'd like to return to the theme of the book. Is it still America, land of opportunity? And I'd like to say that it's no, right now.

SPEAKER: It's not.

SPEAKER: Why? Very simple; we lost the whole generation because starting from 1970's, dropping from high school is enormous. You lost generation. What does it mean that you lost generation? You lost scientists, you lost -- and you lost everything. So it's not number one --

MR. DIONNE: Could I beg you, sir? I'd just like you to ask a question. There are so many hands. Get --

SPEAKER: Yes; I have some questions.

MR. DIONNE: Just a couple --

SPEAKER: --

MR. DIONNE: One question, please sir; there are five hands behind you.

SPEAKER: My question is this; if you can -- only one measure to improve, what it will be? Because you have a lot of programs, and this, and this; tell me what is absolutely necessary.

MR. DIONNE: Thank you, sir. Let's take -- I would like to take -- because again, Ron, you were -- when we were talking before you asked the question if you take the totality of this book -- one or two things and I'd like to ask each of you which you would put --

SPEAKER: -- question first?

MR. DIONNE: Yeah; you want to -- all right. We'll collect a few more. That -- those two gentlemen over on the left there.

SPEAKER: Yes, I was kind of struck, Belle and Ron, that you included 2 billion expansion of the year -- income tax credit to young males. I was on the team of economists -- Joint Committee in '75 that created the earned income tax credit and we thought we were offsetting the huge marginal tax rates on the poor when they got off of government benefits and went to work. And we also thought, we were hoping, we might be creating somewhat -- incentive and we just -- it never occurred to us to extend it to males. Why should we do that?

MR. DIONNE: And then the gentlemen to your right or left depending on the point -- one's point of view.

MR. STEVENS: Thank you; Guy Stevens is the name. The work full time is a *sine qua non* of getting out of poverty and the problem is I don't think we have much in these proposals that will assure that. Welfare reform, I might add, for those who are in the media, has not solved that problem.

Over 50% of welfare leavers shown in many studies have not gotten out of poverty, or have fallen into poverty again, even though 60% of welfare leavers left with a job; they don't keep them. People in poverty do not work full time. The average number of hours is far below 40 or 30 even and that's why they can't be pulled out of poverty by such things as the earned income tax credit. The Welfare Reform hasn't done this.

My question is, why aren't we also thinking about providing jobs, providing government supported jobs, so that you can tell your son, for example, or your daughter, not only will you get an education but if you do so a job will be out there for you, which we cannot say now? Thank you.

MR. DIONNE: Thank you; why don't we take those three. The one or two most important things, why the ITC expansion, and why not public service jobs?

MR. HASKINS: I would say -- I want to say something about males. I think we have pretty good evidence that males who earned more money are more likely to get married and this is true in the minority community as well.

If you interview low income moms they say that; that income is a big barrier and then recent studies on -- MDRC -- a program called Career Academies, where kids in high school got contact with the -- actually got jobs in the economy, it was called industrial arts in the old

days. And seven year -- after seven years, they were earning an average of \$2,000 more a year and they had a 16% higher marriage rate.

So I think money makes a big difference to males. It will, A, lure them into the work force because, I mean that's standard economic theory, and B, increase the probability they'll get married and those unified households will have a much better chance of getting out and then staying out of poverty. So I think it's worth the investment. We do not recommend that national policy. We want to see demonstrations to see if these things hold up.

MR. DIONNE: And then the public service jobs and then sort of priorities within your priorities.

MS. SAWHILL: My priority is early childhood education. It's the zero to five period for all of the reasons that I think David has talked about and I've heard him talk about the marshmallow experiment a number of times. It's in the book thanks to him. We actually went back and read all of the Michelle research on that. And I really believe that it's very -- it gets harder and harder the older you get to correct any problems or disadvantages that people start with.

On the EITC guy, I think that full time work is absolutely key and you're exactly right about the data. I have long argued in favor of a two tiered EITC. They have one in Britain where you get a bonus, so to speak, if you work full time as opposed to just limited hours.

On jobs of last resort in a public sector, I would be very sympathetic to a demonstration program in that arena, particularly right now and for the next few years while the economy is so incredibly soft. As Linda pointed out, it's very hard for states to do something like this when they don't have any money. It's not cheap to run a public sector jobs program and -- but if the Federal Government would help out the states in a more generous way, I think that could be something worth experimenting with at least.

MR. DIONNE: Let me -- there are a whole bunch of hands here. If we could get -- oh my word. We're not going to be able to get everybody in. This gentleman ate several marshmallows for everybody who can keep their questions short. And then the lady in front of you, please, because we're right at the time limit so please be short. Thank you.

SPEAKER: I should get my marshmallow first but I'll wait. Perhaps the single best predictor of poverty and non work is disability more so than teen motherhood, more so than low education. The primary federal program serving the disable poor, SSI, is the single largest means tested transfer program. The rates of work and the rates of leaving the roles are extremely low and the disability roles have been growing steadily for years now. My question is does your framework and your agenda suffice for weakening the connection between disability and poverty since this is in some ways the most fundamental connection?

MR. DIONNE: Thank you. And the lady right in front of you.

SPEAKER: Hi, I'm Latasha Lewis from the Consortium and Social Science Associations. And my question refers to -- refers to -- was about how Nordic countries have -- if your father is involved, you have a higher rate of actually getting out of poverty for the kids. And I just wondered what -- if you had any information about the marriage rates in those Nordic countries?

Do they have a higher divorce rate than we do? Do they have just more parental involvement in terms of even if they're divorced? And also do those countries have any programs that we can look at to encourage men and women to marry, to stay in marriage, to have that parental involvement?

MR. DIONNE: Another Nordic Social Democrat. Thank you very much; right to your right just because she's right there -- or your left, sorry.

SPEAKER: When you're speaking about making sure that completion of education is so important and to piggy back on the gentleman's comment about government jobs and programs, isn't it equally important to make sure that that education that they're getting leads to a productive occupation after they leave. For example, a Bachelor of Arts Degree is sometimes more hard to apply than directly a Bachelor of Science Degree for instance.

MR. DIONNE: And then the last question; this lady had her hand up for a long time. Right in the front; yeah, please.

SPEAKER: You'll be happy to know my question is very simple and maybe you've all touched on this. But I guess listening to everything you've said, education is paramount to everything. What about the teaching of just the standard, old fashioned, work ethic?

MR. DIONNE: Thank you.

SPEAKER: That's one thing I find very difficult this day and age. There are so many people that want the jobs, they want the ability, they want the opportunity but then given that opportunity, it's very often because it's handed to them they don't know what to do with it. And I -- having worked in a number of different capacities, I've found more often than not as I've gotten older, people of this generation and more recent generations don't know what that means; to really get the job done.

MR. DIONNE: Thank you; marshmallows to all of the question askers. Why don't we go from David down -- all the way down to Belle and we'll let Belle close, in response anyway. You know, answer or evade questions as you wish.

MR. BROOKS: I guess I'll just do the last. Your question reminded me of some research by Jim Heckman, -- Chicago Economist who won the Nobel Prize. He compared people with high school degrees to people with GED degrees. The people with the GED degrees had higher IQ's than people with high school degrees; much, much, much

lower incomes basically because they lacked the work ethic, perseverance, and things like that.

How you get people to have that kind of ethic is a gigantic problem and I happen to think it's embedding in institutions. And things -- the new paternalism is in the book quite a lot and there are these schools now, like KIPP Academies, which we keep coming back to, or early childhood which are called parent neutral. But they're not really parent neutral, they're parent replacement. And they have sometimes brutal ways of disciplining kids. And it seems to me that a philosophical problem that we have to deal with is how the government should or should not intervene in families that don't seem to be working and how paternalistic we want to be about that. I might lean on a more paternalistic side.

MR. DIONNE: Thank you.

MS. GIBBS: On the -- for programs that we're focusing on with individuals with histories of incarceration and the disconnected youth, the employment training and placement programs, one of the critical components is as much about how to navigate tough situations on the job. History of sort of tough life that many of these young people have had or people have been -- through institutions is that the system is built against them; they got on to the first bump in the road and they give up.

And so a huge -- and sort of parallel to the skill training and development is building in both the workplace readiness training, as well as, that sort of counseling support so that they have a place to turn to

vent through their frustrations associated with those mess ups. And that is really turning out; it's a common theme that's running through some of our programs that are showing some good impact.

For -- another aspect of the CUNY ASAP Program, regarding sort of the sectors that I should have mentioned, is that we targeted training in what we see as growth industries in New York City and so we know we're really doing all of this with an eye toward where the jobs will be once they get out with that degree.

And on the last; I don't know anything about the Nordic countries and their cultures so I'll skip that part. The last thing I would say on the disabilities, it's not just our SSI population that we have to look at, but it's also about those that remain on the cash case load, the welfare case load.

As the case loads have dropped, those who are -- remain on the case loads are those who do have the most barriers to employment and I think it's one of the next pieces of work on the mainstream welfare programs, is how to think more creatively about new strategies that are going to help that very hard to employ population.

MR. DIONNE: Thank you; Juan.

MR. WILLIAMS: I don't think there's any question that education is the civil rights issue or challenge of this generation. If you look at the concentrations of black and brown children in big city -- in failing big city schools, not just here in Washington, D.C. where we have

hyper segregation, but nationally, especially in our big cities, what you see is a crisis that I think is a tremendous impediment to anybody getting on that ladder of upward mobility and is actually acting as a cement for people who are caught at the wrong end, you know, of the flow here; people who are caught then in cyclical or repeat behaviors and generations of poverty result.

So I would say early childhood is just part of this larger dedication that we have to have to education and it also then fits in with what we were talking about earlier in terms of fatherhood, Bruce did. If, you know, if you just stand up and talk, as I believe President Obama did at this Chicago church about fatherhood, the response from the Jessie Jacksons of the world was that you should be castrated.

I think that there has to be a cultural shift that's -- to this; there has to be a cultural adjustment that would say no, fatherhood is absolutely essential and we should talk about it, especially if it's Barack Obama in a church; what an opportunity for him to offer an example of what is possible. So I think this is very important work that needs to be done. And I would say that in terms of what the President can do, I would say emphasizing marriage but families staying together because while I would say that social policy obviously has more impact on education.

So picking up on what David was saying, that's what I would say to the policy maker. But in general, what I would be talking about is family -- keeping family units together, especially when you have the

outrageous statistic of 70% of black children now being born to single women. This is, to me, a crisis of -- ending magnitude and how we don't talk about it to me is unbelievable.

MR. DIONNE: Thank you, Juan.

MR. HASKINS: I certainly agree with that. My answer to the gentleman's question would be families and especially two parent families and marriage would make a huge difference. If we just had the marriage rate that we had in 1970 and didn't change anything else, we would reduce our poverty rate by 30%; that's according to -- in a very nice analysis. And there have been several other people who have shown just about the same thing. But it's not as practical; we don't know exactly how to do it. We should experiment but the thing that we know the most about, that I think would have the most -- impact is more preschool education, a higher quality preschool education.

I want to announce that I have definitive evidence now that I've had an impact on Belle. Belle said it gets harder and harder the older you get to change people's behavior and correct their mistakes; she learned that by working with me. So I'm very -- SSI; I think it's a huge issue.

The gentleman brings up a terrific question. It's been a problem for a long time. There were major changes in the 1996 Welfare Reform Bill by making the definition tougher because almost everyone agreed that a lot of kids on SSI were not disabled in any meaningful way.

We changed the definition. There's about to be a paper that comes out from the -- Center on the project on economic mobility. And there's a section in there that, none of them are identified, but it's really written by Richard Burkhauser of Cornell, who's writing a whole book on this subject, and he shows that everything that you implied in your question is correct and suggests a number of solutions, not the least of which would be doing a lot more to try to keep people off of SSI.

Once they're in SSI it's like dumping them in a pit; you don't see them again. Kids literally never get off of SSI; they just graduate. So -- and then about Nordic Americans, whom you admire so greatly -- and I think this is true of all of Europe, at least this is what the research says, even though their marriage rates are low and they do what we call shacking up. They stay together.

In America, when people cohabit it's the fifth horseman of the Apocalypse because they break up and leave kids abandoned. But in Europe and the Scandinavian countries they stay together. Now I, you know, I have not done this research but that is the consensus among researchers. So it's still the principle that kids living with their biological parents.

MR. DIONNE: Thank you.

MS. SAWHILL: I don't have a whole lot to add to that; I agree with Ron about SSI -- we didn't treat it in the book. The book was already awfully long and encyclopedic; apologies for that. On the Nordic

countries, I was in Norway myself this summer. Half of the population of Norway works for the government and they pay much higher taxes and spend much more money than we do. They have the money because they have North Sea oil; they are also a much more homogeneous country. But it's a very pleasant place to be.

And on this more stabilities of families, or at least relationships there, I totally agree with what Ron just said. Clear and technical education; yes, we need a lot more focus on it and we talk quite a lot about that in the book. And the work ethic, I think that's already been well addressed.

And I just want to say how incredibly pleased I am that such a distinguished group could be here today. These are some of the people, the four of you, who I respect most in the whole world. And of course, Ron, even though he's made all of these comments about how he didn't do very much, and he's not as smart, and he's not as old, and all of that, believe me --

MR. HASKINS: I am not as old.

MS. SAWHILL: -- believe me, he is older, smarter, and did a ton of work on this book.

MR. DIONNE: And I want to say I am so glad that we ended on David Brooks' theme of love.

MS. SAWHILL: --

MR. DIONNE: Just want to read -- this book is full of arresting statistics. Just one fact from the beginning; if personal after tax income were divided equally among the population, every adult and child would have about \$35,000 in goods and services each year. That's \$140,000 for a family of four. So we have a very wealthy economy and we've got to figure out how to make this work for everybody.

The first words of the first chapter, from Franklin Roosevelt, that -- quite a lot of negotiation with Ron, the test of our progress is not whether we add more to the abundance of those who have much, it is whether we provide enough for those who have little. If our debate over how to accomplish that starts with this book it'll be a much better debate. Thank you Belle and Ron for writing it.

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