

THE BROOKINGS INSTITUTION

WHAT SHOULD THE NEXT PRESIDENT DO ABOUT
POVERTY AND ECONOMIC OPPORTUNITY?

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Welcome:

REBECCA BLANK
Visiting Fellow, The Brookings Institution

Opening Comments:

ANDREA SILBERT
President, The Eos Foundation

DAVID GRUSKY
Editor, *Pathways*; Professor of Social Work, Stanford University

Speakers:

TOM FREEDMAN
CEO, Freedman Consulting

JOHN BRIDGELAND
CEO, Civic Enterprise

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P R O C E E D I N G S

MS. BLANK: Welcome. I'm going to ask everyone to take their seats. I know that everyone stayed up late last night watching primary returns and I appreciate you all being in the room at 9:00 this morning. Welcome to the Brookings Institution and today's discussion on What Should the Next President Do About Poverty and Opportunity.

This event is sponsored by the Spotlight on Poverty and Opportunity, a foundation supported effort to develop sustained political will on the pressing issues of poverty by the Stanford Center for the Study of Poverty and Equality and by the Center for Children and Families here at the Brookings Institution.

I'm Rebecca Blank and I'm a three-fer at this event because I'm on the advisory boards of both Spotlight and the Stanford Center, and I'm currently visiting at Brookings and involved with the Center for Families and Children.

I want to thank the people who've helped organize today's event. This includes my Brookings colleague, Ron Haskins, who's sitting right over there, the Hatcher Group, Jodie Levin Epstein from class, who's somewhere, I thought she was right down here, so she'll be in the room soon, Freedman Consulting, Norm Klotz of NAK Productions, which is filming today's events and will be posting it shortly on the Spotlight web site, Ed Hatcher, who's at the back of the room, and all of the staff here at Brookings

who are helping organize all of the logistics.

Over the past 25 years, this country has experienced widening differences in the economic opportunities available to its citizens. For those in the bottom half of the population, these past 25 years have met stagnant or falling wages in income.

As economic and equality widens, we've also seen widening gaps between the most advantaged and the least advantages on educational achievement, in political participation, in access to medical care, and in other social domains.

The problems of poverty and social disadvantage are not just problems for this particular election cycle, they're fundamental moral challenges to the United States as a nation that proclaims equal opportunity as one of the things that it does well.

We have a number of very interesting discussions planned for this morning. We are going to stay on time, so we're going to move through the event. The bios of all the speakers are in your packets, so we're not going to give long introductions to anyone. I want to start by welcoming two individuals who are going to say a few additional words of welcome. First to speak will be Andrea Silbert, President of the Eos Foundation, which has been one of the key supporters of Spotlight on Poverty and Opportunity. She'll be followed by David Grusky, the Director of the Stanford Center for the Study of Poverty and Opportunity; Andrea.

MS. SILBERT: Thank you so much, Becky, and thank you all for coming. Good morning. I also want to thank our partners, Brookings and Stanford. I'm going to speak just a little bit about why Spotlight from a foundation perspective, the Eos Foundation, which is a private philanthropy in Massachusetts working on both direct service and public policy issues.

We jumped aboard the opportunity to be one of the founding sponsors of Spotlight because we thought it was so compelling for a number of reasons. First and foremost, Spotlight is a foundation led initiative. Foundations spend \$30 billion a year, much of it on poverty alleviation. Yet over the past 30 years, we haven't seen a significant decrease in poverty. As a foundation executive, if we see a hungry child, we find an organization that will feed him. If we see a parent without the skills to participate in the economy, we'll fund an organization to provide that training. Yet if we stop our work here at direct services, we're actually allowing a different dynamic to take place. We're allowing our government agencies, whether it's local, state, or federal, to disinvest in some of these services, which are basic human need. So we need to be working all the way up the spectrum.

Now, more and more foundations are focusing and funding public policy initiatives, but we have to take it one step further. We have to aggregate the power of our voices. Foundations assume a very high role and high visibility in our culture, in our society.

We need to ask the next president to tell us whether poverty

and opportunity are issues of importance to him or her, and if so, what he or she will do about it. Spotlight is a non-partisan project with a very big tent. All ideas are welcome, and we seek to generate a very robust discussion that is solution oriented, not ideological.

Today you're going to hear from experts across the political spectrum. Since we launched several months ago, we've been extremely pleased with the overwhelming response that Spotlight has received from candidates, from the media, and from the public. We believe that we're a part of a moment in history, where the tide is turning back among the public, in the public will to issues of poverty and opportunity, bringing them center stage. So Spotlight will continue to play a lead role and serving as a focal point for this very important conversation, both now as we go up to the general election and after, holding candidates accountable for what they have said.

Our mission is to continue to build the public will to eliminate poverty in our country. And like most movements, it's already beginning at the state and local level. According to a soon to be released poll by my good friend, Jodie Levin Epstein of Class, one out of every four states has recently launched an initiative to raise the profile of poverty and opportunity through a commission, by setting a poverty target with a time line, by establishing a new legislative caucus. Virtually all of this political attention has happened within the last two years.

So we hope our next president will follow what's going on already on the ground, in our states and in our communities. The media and thought leaders, many in this room today, play such an important role in this turning point in history. After you hear from our other co-host, David from Stanford, you're going to hear from Tom Freedman and John Bridgeland, who are also going to be talking about a study about where we have come since the last election cycle and this in the media to raise this issue. So thank you so much for coming. I hope that you'll continue to support this initiative. If you haven't signed up yet, please go to the web spot, spotlightonpoverty.org, and sign up and be a part of this great moment in history. Thank you so much.

MR. GRUSKY: Well, thank you very much. It's great to be here and to join with the Spotlight on Poverty Campaign and Brookings to co-sponsor this event. The Center for the Study of Poverty and Inequality at Stanford University is a new initiative and it's described in glorious detail in our web site at inequality.com, so hopefully you'll visit us there, maybe not right now, but at some point in the future.

The signature product of the Center, the new magazine, *Pathways*, is dedicated to the proposition that the amount of poverty and inequality is a product of decisions that we make, that politicians should be held accountable for their poverty and inequality policies, that having no poverty or inequality policy is a policy, a policy of default, and that we need to

develop a non-partisan advice industry that lays out in very clear terms what our poverty and inequality choices are, just like we have a well developed advice industry on how to grow the economy.

The first issue of *Pathways* addressed how new war on poverty might be fought and featured contributions from Barack Obama, Hillary Clinton, John Edwards, Rebecca Blank, and Charles Murray, and others. The next issue, and all of you are invited to subscribe for free at inequality.com; the next issue of *Pathways* will ask whether we can deliver economic stimulus in this time of impending economic downturn, whether we can deliver economic stimulus, and at the same time, fight poverty and inequality. Is there or is there not a perverse trade-off between these two very important objectives?

So you might ask what makes this the right time for *Pathways*, for the Spotlight on Poverty Campaign, for this event, and the answer I think is a straight forward one; we live in a historic moment, a period of time in which inequality is increasing in a spectacular way, in an unprecedented way, in effect, we live in a new gilded age. In the last gilded age, in the last period of extraordinary expansion in inequality, enlightened capitalists and politicians appreciated the threat and ultimately, quite fundamental institutionally reform was undertaken. We have an opportunity, and indeed, I think some would say an obligation, to appreciate that a new, yet another historic moment is upon us, and that we should step back, appreciate this

moment for what it is, and approach it from a problem solving, centrist stance, and that's what this event is all about.

So why is poverty a centrist issue? It's a centrist issue I think for the same reason that building a strong economy is a centrist issue. The cost of poverty in terms of lost downstream productivity, in terms of heavy collateral damage such as record breaking incarceration rates, those costs are massive.

And the implication is that we ought to be interested in fighting poverty at the way of growing the GDP and, moreover, as a way of making it possible to spend less of that GDP on all the problems that poverty engenders.

It's often argued that it would just be too expensive to fight another war on poverty; but, in fact, there's growing evidence that it would be too expensive not to fight that war. While poverty is obviously a terrible thing for the poor, it battles for the non-poor, and hence, all of us, the poor and non-poor alike, should see an interest in taking on poverty as a GDP growing investment and ultimately as a tax reducing investment, not just as a moral commitment, a moral commitment to be sure, but not just as a moral commitment, but as a commitment to the economy.

So it's all about, I think, building an economy that properly exploits our human capital, that doesn't generate loads of collateral damage, and that, in the end, positions us to compete effectively with other countries,

other countries that, for the most part, aren't paying the same very high poverty tax that we're paying.

At least that's how I see it, and maybe this is all ivory tower and naive, and hopefully we'll find out in the upcoming session more about these issues, and so I propose that we turn right to them, so welcome again.

MS. BLANK: To set the stage for the morning, two individuals from somewhat different political backgrounds have collaborated to investigate the ways in which the media have covered the issue of poverty in the current campaign. I'd like to invite Tom Freedman, CEO of Freedman Consulting, and a member of the Clinton White House in the past, and John Bridgeland, CEO of Civic Enterprises, and a member of the Bush White House in the past, to talk about this work.

MR. FREEDMAN: I thank you, Becky. And I'm Tom Freedman. John Bridgeland will speak right after me. And as Becky mentioned, I was in the Clinton White House, and Bridge was in the Bush White House, and I always feel when we speak, we should have like the Odd Couple music going in the background.

I'm going to talk briefly about our study and then some of the implications of it. And I look out and I see that, as the political nerd version of the hangover out there, so I know some of you were up late watching results.

I think the study itself, which is in your packets in the back, is pretty clear. We had a sense from our own work in the policy and politics kind of

nexus that the issue is getting more and more prominent.

And what we did in this short and somewhat scientific study, but with Becky here I want to be cautious about over claiming, we looked -- used Lexis-Nexis to look at every story they had from the years 2003, 2004, 2005, 2006, and 2007, and we used a variety of search terms, but most of them were around the question of poverty, politics, campaign, presidential. And what we found, particularly when we compared the year 2003, which was the pre-presidential year, to 2007, which is our pre-presidential year, is a dramatic increase in the amount of coverage of the issue of poverty, 145 percent. We then went back and we used other refinements of that focus; for instance, we looked at only the top 20 papers in circulation, and we found 103 percent increase, and we found it pretty much across the board.

Now, it's worth pointing out in 2004, the presidential year, there was more coverage than in 2003, and so we would expect in 2007 and 2008 that there will be more coverage of poverty than we already found in 2007, and we think that's basically a good thing, and I'll talk about that briefly.

We've had a discussion between us about what might be the causes of this, and it's a somewhat speculative enterprise. We tried to break it down. We saw the coverage of John Edwards, for instance, was a significant factor, but so was coverage of Evangelicals, who are being discussed in the context of poverty and their interest in it, and that was a significant factor, as well.

I think underlying it, the fears about the tightening economy and what that might mean for low income people was also a significant factor, and I think that that's a worthwhile discussion. But what I'd like to just focus on here to close my remarks is a couple of things that I think are important takeaways for people who are active in this field.

First, the clear thing is that 2008 is going to be an incredible opportunity for advocates and policy-makers who care about this subject. The topic is more relevant, it's being covered more, the candidates are discussing it more. I joked with the Clinton campaign this morning that her campaign turned around on Friday when she released her poverty proposal. But clearly there's an opportunity here to make your case.

And I think the second thing is that words are clearly not enough. Just the fact that there's coverage is not going to have an impact on what the next administration does.

I think Bridge and I both share this experience, that politics is really the competition of ideas, and that now is the time where the ideas should be competing, and there should be a healthy debate about what we should do, and that that argument we should be seeking to come together and find areas of disagreement and areas of agreement so that the next administration has an agenda that they're owning, and I think that's part of what we tried to do at Spotlight, where Bridge and I try and edit and bring in commentators from different points of view, but with a thread of discussion.

And I think in the end, argue is that -- that argument will lead to both new, good ideas, and also kind of inoculation for the ideas when we can find common ground, and some real clear thinking about how you would actually implement things and not just using political rhetoric.

So I'm going to leave it at that. And I really enjoyed collaborating with Bridge, and hopefully we'll survive the campaign season.

MR. BRIDGELAND: Thank you, Becky; thank you, Tom. Actually, when David referred to Becky in that stream of Senator Obama, Senator Clinton, Senator McCain, Becky, I thought Becky had been all of a sudden thrust into the presidential election cycle, which might be a good thing.

I want to thank Tom Freedman, it's been a privilege to work with him. We had the blessing really of briefing then 18 presidential candidates on a range of issues in the fall, and the first issue that they requested was economic security. And one interesting dimension of that was looking at how a third of the work force are now independent workers who aren't part of the social safety net that was designed really from the new deal on. I also want to thank the Annie E. Casey Foundation and Eos for their extraordinary support of the poverty spotlight. It's encouraging to see so much brain power in one place on the issue of poverty.

I had the privilege of working with Ron Haskins on the Hill, really watching Ron Haskins through the lens of the Ways and Means

Committee do the extraordinary work under welfare reform, and then had the good instinct to ensure that he was in the White House and part of the administration in designing policies that would help uplift the poor.

New election brings new hope. When I think about people like Ron and Wade Horn, Bill Galston, who's just been an extraordinary leader on these issues for so many years, and then Tom Freedman, who I've had the pleasure to collaborate with on this particular project, gives me hope that we might be able to vault this issue to a higher place than it's been in the past.

And I think candidates who are not only appealing to their bases, but reaching across the aisle, provide a good platform from which we could design policies that would attract more sympathy. In addition to the media study, we've spent a lot of time in the poverty spotlight attracting people with diverse views, and I wanted to highlight and thank them. Congressman Charlie Wrangle, my mentor and advisor in life, social scientist James Q. Wilson, Steven Goldsmith, Ron Haskins, Wade Horn, Will Marshall, Katie Campbell, Max Vinberg, Mil Duncan, Al From, all of whom provided thoughtful ideas on the site and commentaries that the public and the press and the campaigns and others are seeing and discussing.

Out of the coverage, increased coverage of poverty in the public domain, and the hopes for more focus from the presidential candidates, I wanted to just quickly highlight five key issues that I saw emerge from these wonderful commentaries and the more than 100 reports

that I've actually had the privilege of reading in the last four months in concert with this project.

I think republicans and democrats would agree alike that the fundamental responsibility of government is to collect good data. Bill Galston and Bob Putnam and I have struggled over the last three years in creating America's civic health index to introduce like we have for economic data good civic indicators, so that we worry about and put in place policies and practices that will increase our civic health. And I must say, I think Daniel Patrick Monahan was right, that we can't solve a problem until we first learn to measure it.

And the Annie E. Casey Foundation president wrote this beautiful piece talking about how we need, and I know it's politically charged, and I know Census and the Academy and many of you in this room have spent decades worrying about how we could redefine poverty line measures.

But I wonder, in addition to poverty line measures, we ought not to create a wealth index, and that household wealth index that looks at the assets and 401K's and savings and other income so that people aren't just at the poverty -- above the poverty line, but actually have the means to lift out of poverty.

Second, financial literacy, should we target more resources toward wealth creation efforts starting with making financial literacy training

more widely available and perhaps even a condition for receiving certain government benefits to maximize their value. I was struck by Mayor Bloomberg's plans in New York that create what strike me as very sensible conditions through conditional cash transfer programs to prompt shifts in behavior that will help lift more people out of poverty. Finally, or third, the earned income tax credit shift, we noticed in the IRS restructuring commission work that the error rate for the EITC was 25 percent, five times food stamps, and also wondered if more thought should be given to moving the EITC away from a tax credit filed with the IRS at the end of the year toward a credit against the payroll tax, so that workers would boost their take home pay as they work, not after they file their tax returns.

Fourth, high school dropout and promoting marriage, James C. Wilson, I think building on Bill's work, said that since only eight percent become poor if they finish high school, get married before having children, and have children after turning 20 compared to 78 percent if they do none of these things, shouldn't these be larger areas of focus, and shouldn't we, as I think there's good progress to date, with three minutes remaining, I will wrap this up, focus more attention on that fact that 50 percent of minority students in the United States drop out from public high schools. They have eight times as likely a chance to end up in prison. One of our speakers talked about incarceration costs. They slip into poverty. But in addition to the huge economic intergenerational and social costs, Bill and I actually discovered

that the largest gap civically was between college graduates who completely dominate the civic activity of their communities and high school dropouts who are almost completely missing, they cannot even advocate for changing a system that is failing them, so I wonder if, coming out of this powerful energy in this room, what is the constituency of these disengaged, inactive constituencies that we can build up in a manner that will give them more voice and more strength, and I really think that's, in part, what poverty spotlight was designed to do.

Finally, low income brainiacs; we did a study with the John Kent Cook Foundation, finding that there are 3.4 million high achieving, low income students, brilliant students, but who, through preschool, through college, are failed by our educational system.

And I was pleased to see Ron and Doctor Sawhill and others focus a lot of attention and their work on educational prospect and achievement. Because I actually think the proficiency debate has been necessary, but completely incomplete. And until we raise our standards to a standard of excellence, which not only help the low income brainiacs, but will help young people who aren't even getting to a standard of proficiency, we're going to be caught in this cycle of poverty for years to come. Final point with one minute remaining is, I wonder, you know, George Mitchell and Jack Kemp were kind enough to be enlisted as advisors, and Ed Hatcher and others made that happen.

I wonder, and I'm skeptical of commissions, but whether building off a 911 style commission, we couldn't create a Mitchell Kemp commission with, you know, Galston and Haskins as commissioners or executive directors that, like the 911 commission, publish a path breaking report on the issue of poverty in America that educates the American people and tries to engage them using the kind of networks and technologies and blogospheres and other means we have to get citizens engaged, and come forward with concrete recommendations from commissioners like Charlie Wrangle and Vin Weber and other people who actually know how to move policy and effect change at every level in government.

I think, to me, that would be one of the more exciting things that could emerge. So I'll close by saying thank you for hosting this forum, thank you for giving us an opportunity to have many voices inform a poverty spotlight, and I can't think of anybody better than Tom Freedman, who's not only brilliant, but humble, which is a unique combination in Washington, to work on such a great issue. Thank you.

MR. HASKINS: Well, the frequent criticism of social science, and well deserved, is that we study things to death and never come up with any solutions. So we have -- and, in fact, so far we pretty much have talked about the problem without any solutions.

So the purpose of this panel is to recommend to the next president, republican or democrat, what they should do if they're serious

about poverty and inequality and opportunity in America.

And so to address this issue, we have a wonderful panel. We're going to start with Becky Blank, normally from the University of Michigan, but who is here this year at Brookings, and we're hoping to capture her and keep her in Washington as long as we can.

And incidentally, in the *Pathways* issue that David Grusky mentioned, she has a terrific short article about what each of the campaigns has proposed to do about poverty and inequality. If you want to invest ten minutes of your time and figure out what the candidates are saying, you can't do better than to read that article. And then my good friend, Stuart Butler, from the Heritage Foundation, believe it or not, in '87, Stuart published a book on poverty. He's one of the few conservatives that has a long history of concern with poverty and low income families. The name of that book in case you want to run out and buy it is, Out of the Poverty Trap.

And then we have Peter Gosling from the Los Angeles Times, Peter, thanks so much for coming. We're very fortunate to have Peter. Peter has been writing about these issues for some years. If you Google him, it immediately comes up that he writes path breaking articles on economic insecurity. This is his way of making Jacob Hacker famous. And then we have Ron Mincy from Columbia University. Ron is, again, a long time student of poverty, and especially on issues that deal with fathers. And Ron was doing this, it's popular now and people talk about it, but back in the

old days, no one talked about fathers, and Ron was there studying it and getting grants when he was with the Ford Foundation for other people to study it, and he has been one of the top scholars and the general area of poverty, but especially fatherhood for many years.

And then Rehan Salim from the Atlantic. Some of you may have read his articles. He has really written brilliant and thought provoking articles, one called the Party of Sam's Club, believe it or not, that's republicans, and Rehan thinks that the future of the republican party is dependent on white working class voters to get that, and, in fact, he's about to publish a book about this called The Grand New Party. So this is a wonderful panel and we'll start with Becky.

MS. BLANK: As Ron noted, I'm here in part because I wrote this article in the *Pathways* magazine, where I tried to summarize what some of the candidates have said. And not surprisingly, I would suspect that the democratic candidates have more extensive poverty -- anti-poverty proposals out there than some of the republican candidates, but there is an exception to that, and that exception was Ron Paul, who has, by far the most comprehensive and most radical anti-poverty proposal, which is essentially to abolish the Department of Health and Human Services and to abolish all federal anti-poverty programs.

So, you know, there's extensive poverty programs on both sides. We can argue about whether Ron Paul's proposal is a poverty

program or an anti-poverty program. So I get today to give you my brief comments and what I think we should do. And I'll obviously focus on a couple of things that I think are very high on the priority list. And the first two that I want to mention would be high on my priority list whether I was advising a democratic or a republican president, because I think both of these have strong bipartisan support.

Number one, and across the spectrum of politics you hear people calling for this, expand the earned income tax credit subsidy, particularly for individuals who are not currently living with children. This is our opportunity to give low skilled single individuals more money back when they go out to work.

And the particular concern here is low skilled men whose wages have been falling over the last 25 years. An expanded earned income tax credit for this population has only good effects. It will increase their attachment to the work force, it will increase the hours that they work, it will give them more money, many of these men, or, of course, non-custodial fathers, so it increases the likelihood they're going to pay some child support to the mothers of their children, it increases their prospects as marriage prospects, a whole variety of things that expanding the earned income tax credit to those who don't have kids and making it more generous to that population I think is highly important and I think you'd get people say on both sides of the aisle supporting this. The details of how you do that are going to

vary probably whether you're a republican or a democrat, but I just think it's item number one on the anti-poverty agenda, because it's teed up, it's ready to go.

Number two, expand preschool programs for all four year olds from low income families. Again, like the EITC, the evidence on this is unmistakable. We have growing evidence that this really matters to disadvantaged kids. It improves not just their outcomes at age six, seven, or eight, but it improves their outcomes after they graduate from high school.

And how you do this, we can argue about, but a whole variety of ways to make preschool more available, good, high quality preschool, not just sort of stationary child care is an important piece of this.

Thirdly, and this closely relates to number two, increased child care subsidies to low income families. Both of the following statements are true. We have done more to expand subsidies for child care than in almost any other area. The dollars have grown enormously, and many more low income families are getting assistance to cover child care than in the past. It is also true that we are falling way short of the mark. And, in fact, one of the biggest complaints we hear from women leaving welfare and going to work is not that they don't want to go to work, not that they don't think it's fair to go get a job, but they have real difficulty making their child care work, and they often don't get the subsidies that they need to have the child care options that they want if they're going to be in the work force all day. Of course,

expanded preschool programs are a way to help that. That's a twofer, it helps you on the child care front and it helps you on the kids development.

Item number four, target low income areas, a very high share of poor people and the most disadvantaged poor people live in poor rural or urban neighborhoods. And we need to find better ways to target those neighborhoods.

Not surprisingly, Senator Obama, given his background as a community organizer, has a lot to say about this issue. He's proposed something called Promise Neighborhoods. But Senator Clinton also has a number of proposals around mentoring programs and other things. Senator McCain talks about tax credits. I happen to think that tax credits have been a tried strategy that, by themselves, don't work very well, and we have quite a bit of evidence of that. But there are a variety of other things to look at and we should be doing demonstration projects and doing a whole variety of things targeting those poor neighborhoods.

Point number five, there are a lot of areas that we have to care a lot about where we don't really know what to do at the federal level. If you had to define a federal program, we don't quite have the knowledge base there.

In those areas, we should be putting a lot of money into demonstration programs, around jail to work, youth second chance programs, job training for the hard to employ, we could all make our list, but

we should be spending far more money experimenting and trying different policies and using the states as a laboratory of experimentation in the way that we used them in the past in other areas.

Finally, comment number six, and this is my own particular agenda item that I try to push when I can, we should be running a national get internet out to every household program. This is like rural electrification, this is like providing public sewers, providing public water, providing public roads. It's not enough just to have access to an internet terminal somewhere in your community, you need it in the home so that people can use it regularly, and I think that will actually substantially change the way in which the internet provides education and provides outreach and reduces social isolation to many of the poor families in our country. And I'll stop there.

MR. HASKINS: Very good, thank you very much, Becky. And now Stuart Butler.

MR. BUTLER: Thank you. When we think about what a president can and should do about poverty, I think it's very important to recognize that a president is limited, but has important functions in this area. A president can certainly makes changes in rules, the president can propose things, but just as important, a president can hold a conversation and talk about aspects of the problem that really need to be addressed outside the area of public policy, per se.

Bill Clinton was very effective at doing that. As we all recall the

run up to the welfare issue, welfare debate. And I think it's also important when we think about poverty, to think about what we mean by that. We certainly do mean, among other things, we mean the inability of certain people to acquire what we would all deem to be basic levels of services and goods in our society. But we also mean a problem of a difficulty of people getting -- taking advantage of opportunities that are available to them to move up the economic ladder. And we at Heritage, with Brookings and the Urban Institute and the American Enterprise Institute under the Pew Foundation are working on this whole issue of economic mobility, what causes some people to move up and other people to stagnate at the bottom.

And given that, it's very important I think to recognize that public policy must go hand in hand with a change in our attitudes, in the public discussion, in the social mores in which we're in in order for us to solve this problem.

And I think there are two keys to solving the basic problem of people not moving up. One is the problem of people acquiring adequate basic skills to have the ability to produce sufficiently, to move economically up the ladder.

But the second, having done that, is to have the opportunity and the inclination to move up the economic ladder. And that, in turn, means that as we think about the problem, we have to think about the social situation, the conditions, those kinds of impediments just as much as the

policy impediments and economic impediments as to why certain people move up and other people don't. And when we do that, I think the person has a critical role in both proposing policies, but also holding this conversation, to have a much broader public discussion about the conditions, the environment that tends to cause some people not to take the opportunities that are available to them.

And I think there are four areas in particular where this is important. There's combination of a conversation and specific public policy. First of all, the fact is that there are many people in America who live in areas, in places where their neighborhood, where the environment, the social environment within that, where the schools discourage improvement, accept failure, don't push people, don't have expectations, and it's very important to tackle those. Therefore, ideas like enabling people to more easily move to other neighborhoods is critically important.

The whole origins of housing vouchers, of getting rid of housing discrimination is critical to this notion of people being able to move from an area that slows down their ability to improve to ones that could improve it. It also means having a conversation about those pressures. All my children went to D.C. Public Schools, and there's no question that when you go through D.C. Public Schools, like many parts of the world, there is an enormous pressure not to succeed, to feel that failure is acceptable, that's got to change, and the president can do an enormous role in having that

conversation. And I have to admit, some presidential candidates would be more likely to be able to do that than others, and that has to be -- point had to be made.

Secondly, we know that people brought up in families that are broken families, families that don't have two adults with them, intact families, children in those families do not do well. They are almost guaranteed to have a lower chance of moving up the economic ladder succeeding.

We have to focus on how do we restore marriage and intact families in this country. We can do that partly by changes in rules and steps like the president -- this president has done, to encourage marriage, to look at initiatives in that area, but also, again, that's something that the president must talk about and talk about with different leaders in our society.

Thirdly, we must, indeed, as others said, make work more dependable, profitable, more likely, more continuous. And that's why I agree, that tackling the issue of health insurance at the place of work is critically important. Health insurance is not dependable, especially in the service sector and among low income people. Now, how do we deal with that problem in an affordable way that does so in concert with American values is not a difficult issue. But I think it is a critical step to providing the basis for security of work and the benefits of work to compliment things like the EITC that was just mentioned.

And then finally, I think it's very clear that over the long haul,

people do not move out of poverty successfully over the long haul unless they acquire savings and wealth, modest amounts of wealth to move up. It's very indicative when you look at many immigrant groups into the United States, how they're focused on building wealth is critically important and the steps we need to do -- take to do that, things like the ideas that come from Brookings and Heritage and Georgetown, automatic enrollment in savings programs for everybody in America, let everybody begin to start beginning to save and move up in that way.

And the president, again, could talk about not only proposed steps specifically to do that on the law, but also explain why it is important. So, in conclusion, this is an issue where the president has two fundamental roles, it's not just the question of proposing specific policies, it's changing the conversation, analyzing why we see this problem, and having a conversation with broad groups in our society about what we must all do to change the -- so that people take advantage of the opportunities that are before them.

MR. HASKINS: Thank you, Stuart. Peter.

MR. GOSLING: I come at this question, not from having covered poverty programs or Ron and welcome reform, but from having covered the U.S. economy for the past 25 years, and most recently from having written a book due out in June called *High Wire, the Precarious Financial Lives of American Families*.

MR. HASKINS: And where can they get a copy of that?

MR. GOSLING: You can't get a copy yet. But if you want to pre-order on Amazon, go right ahead. I'll try to sketch what the question put to the panel looks like from that perspective. And a couple of directions in which that drives me and one in which it drives me away.

Over the past several decades, we have made, not always directly or explicitly, several crucial decisions about poverty and how to help people get out of it. We have decided that work is important. We have decided that two parent families are important. We have decided yet again that progress, advancement, and upward mobility are important. We have decided, in short, I would argue, that middle class American working families are a pretty good model for how poor Americans should organize themselves, conduct their material lives, and try to move up the economic ladder.

We have put substantial incentives behind work, especially the EITC. We have made at least some nods towards two parent familyhood. We've talked the game of upward mobility.

What I would argue we have not done is provide much support either for poor families trying to break into the middle class or for the very middle class families that we cite as the models for poor families.

Since the last 1970's, we have adopted or allowed to grow up a series of economic policies and practices that were intended to help the nation recover its economic -- from the upheavals of the '70's, and regain the

prosperity of the early post-war period. The dream behind these policies is well captured by President Bush's notion of an ownership society, each of us could forge our own futures, invest our own funds, and basically take care of ourselves. But the effect of these policies and practices has been to shift risk of economic set back, from business and government, risk sharing institutions, directly onto working families, and working families up and down the income spectrum.

We've deregulated specific industries, more importantly, we've deregulated the employment relationship, which has allowed employers to make jobs and the benefits that are so important to go with them much more uncertain things.

We have fought to a draw over public safety nets, programs such as unemployment compensation, which have left these nets in place, but increasingly out of date and out of sync with the economy they're supposed to be nets under. We have accepted, whether knowingly or not, changes in the product and service market, especially for bought and paid for safety nets, such as insurance.

To try to get some sense of how these changes have operated, I've tried to pursue two lines, I've tried to look closely at a series of institutional changes, especially in the private sector, and I've also tried to look at how these changes have effected families at various income, education, and age levels. Together with a group of economists at the Urban

Institute, I've tried to look not at the inequality of income, but at what has happened to the stability or instability of income over the last 30 years.

Using the panel study of income dynamics, we have asked how did families income fare during certain periods, how did they advance from one level to another, from \$30,000 to \$40,000 in the 1970's, did it happen in neat, even, upward increments, or did they fly through the ceiling some years and fall through the floor other years.

In a nutshell, what we have found is that the instability or volatility of income has increased substantially over the last few decades. There is a big debate about this, and I see Molly Dawl back there from CBO, and CBO has written on this, and you should see their paper.

But I believe there's a growing consensus about this.

What I argue in the book and in a technical paper that I co-authored with an Urban Institute colleague, is that this volatility acts as a sort of gauge -- income volatility acts as a sort of gauge of an increased risk that families have taken on. Now, quickly, where these findings drive me is towards thinking about what sort of incentives are needed not just to encourage work, but what happens when there is no work? How can Washington help build some net underneath families, poor families and middle class families, when there is no work? What it drives me to thinking about is not just preaching about two parenthood or wielding a club, for instance, like child support enforcement, but how to encourage, as Becky

suggested, both parents, especially low skilled men, to get and keep jobs by, for example, expanding the EITC.

My time is up. Let me just say, where I think this drives me ultimately is to believe that the new president -- the policies the new president can embrace to help poor working families actually can help families at many rungs of the ladder, because the poor, at least the full-time working poor, are no longer, as Mike O'Harrington once described them, a different kind of people, who think and feel differently and look upon a different America than the middle class.

As risks have been shifted, as jobs have become less -- more unstable, as benefits become fewer and more expensive, as self-protection has become less, self-protection like insurance, Americans up and down the ladder have more in common than they once did, and that may offer the new president his or her greatest chance to do something about poverty. Thank you.

MR. HASKINS: Thank you. Ron Mincy.

MR. MINCY: The next President of the United States should establish a special initiative to help black males escape poverty. Most poverty experts now agree that the challenges this population experience have reached crisis proportions, and despite decades of awareness, there is little sign that change will occur in the future.

This is true whether the outcome measures are -- behavioral or

cognitive outcomes for boys in the second grade, sexual debut among 12 year olds, graduation from high school, enrollment in college, juvenile crime or incarceration, employment, labor force participation, or wages, age at first marriage, rates of never marriage, child support non-compliance, disability, and early retirement.

Outcomes for black males in nearly every one of these domains are worse than almost any other demographic group, and these outcomes are limiting the possibilities and draining the energies and resources of black women, children, families, and communities.

This initiative would visit more universal programs to examine why they are not working for black males and add support and requirements needed to overcome barriers to participation and effectiveness. I'd like to use four examples and then end with four guiding principals. Longitudinal early childhood education; the Harlem Children Zone is one of the most comprehensive early childhood pre-K programs ever imagined.

It begins with a baby college for expected parents, when their children, prior to their birth, it follows when the children are between three years old to prepare them for pre-K, and then begins with an early head start program, which is an extended daycare, pre-kindergarten program for four year olds with an adult to child ratio of four to one.

However, it follows with enrollment of these children in a promise academy from the time they are in kindergarten to the time they

graduate from high school, with only 1,300 students in each school.

However, in the light of disparities in the fourth grade, even the Harlem Children Zone is launching a pilot initiative directed at African American males and Latino males in order to improve their outcomes, keep from focused on positive outcomes from the time they are enrolled in kindergarten, sorry, in the fourth grade, to the time they complete college. Thirdly, youth and work force development; we should expand funding in the Job Corps, get new training slots in the Work Force Investment Act, and restore funding to the Youth Opportunity Grant Program. However, we should also undertake a number of initiatives that make these programs ineffective for black males.

These would include initiatives such as reducing or eliminating occupational license bans for people who have criminal records. Why should an ex-offender have a -- be barred from a license to be a barber? We should increase the amount of money in insurance bonding programs so that liability doesn't discourage the hiring of ex-offenders.

We should provide temporary transitional employment like -- as is done in the Center for Educational -- for employment opportunities that helps ex-offenders transition to work, and we should use the bully pulpit and educational programs targeted at employers to make them understand that if they refuse to hire someone as a consequence of a criminal record, they have to have an employment related reason for doing so.

Work incentives that reach men, as Becky indicated in our first comments, we should expand the childless tax credit and do expand it even further through a non-custodial parent credit such as those offered by Senator Obama, by Mayor Bloomberg, and in the New York State EITC Program. However, we should also undertake a number of special initiatives that will make none of these work for black men. They include initiatives such as public sector employment and efforts to modify child support arrearages so that black men are more likely to have continuous employment, to have reduced arrears so that they can qualify for the EITC family.

I think we should take the initiatives that are being learned about in the healthy marriage initiative and extend them to African American families, especially to parents who are not interested in marriage, but who want to co-parent their children, and then move forward into the area of resocialization around marriage especially among African American males so that the problems of fertility, multiple partner fertility, and serial parenting do not go on to continue to reduce the likelihood of marriage among African American males.

We should extend programs on early sexual debut so that we reduce the premature fatherhood by African American males and we should extend fatherhood initiatives such as those offered by Senator Obama, the five principals. These programs -- this initiative should be multi-generational

in character. We should engage the 19 year old African American unwed father in improving the cognitive abilities of his three year old child. These initiatives should be realistic and responsible. We should be asking two things; first, what are the minimal requirements of citizenship that we as a nation expect African American males to achieve; second, what are we as a nation prepared to do to help them do so.

Finally, we should be patient. It took us 40 years to overcome welfare reform, and we should -- we have understood the lagging returns on African American males for an equally long period. We should not expect immediate turnaround on these issues.

And finally, big bucks. We spend \$50 billion a year on the earned income tax credit that was so important in increasing employment among welfare recipients, especially black women. We should expect an equally costly investment in order to turn around these results for black males.

Finally, documentation. This initiative should build upon knowledge about why existing programs are not working effectively for black males. We should be cognizant of fidelity to treatment and implementation. And finally, we should rigorously evaluate what's done. Thank you.

MR. HASKINS: Thank you, Ron. Rehan, I have very bad news for you. Ron used seven minutes, so you only have three.

MR. SALIM: Okay, that's no problem.

MR. HASKINS: I'm kidding. We're going to give you six as a bonus.

MR. SALIM: So it occurred to me, you know, one thing that I find very encouraging is that in the world, thinking about poverty, there's a lot of talk about non-cognitive skills, about behavior, and I was thinking about my own behavior this morning.

One of the kind of central things we want all Americans to have, the kind of -- habits, the kind of expectations and norms that lead you to, for example, wake up on time and get to work, and I woke up today at 8:54, after having intended to wake up at 6:00, and I arrived very late, took a cab.

Taking a cab, that's another thing, I spent more money doing that than I would have had I actually saved my shacks and actually sort of gotten on the metro the way I had intended to. So, you know, I was thinking about sort of why did I behave so badly, and I chalked it up to my peer group. Now, you know, from a very kind of early age, I was sort of always very scatter brained, and then I encountered a peer group of kids who were, frankly, nerds, and they kind of demonstrated to me that, hey, you know, staying in school is cool, and I should study and what have you, and I'll be embarrassed if I don't, et cetera, and now my peer group talked me into going to a rock and roll concert last night, and I was up very late, so here we are.

One thing that I noticed that was very striking is the difference between Ron Mincy's emphasis and Peter Gosling's emphasis. Now, I imagine they both agree a lot on the kind of scale of the solutions that we need and sort of how we ought to think about poverty and sort of some of the kind of programs.

For example, there seems to be a lot of consensus around the idea of sort of addressing the bite of the payroll tax, the idea of sort of payroll tax relief being something that could be a big ticket simplifying move that could sort of benefit a lot of poor Americans. Do you guys hear an echo? Anyway, but it's also clear that Professor Mincy is actually far more interested in targeted strategies, and I tend to think that's a very shrewd way to go. You know, for example, when we're talking about the kind of instability of income in American families, I wonder about sort of the role, the relative role of public institutions and the relative role of kind of broader normative shifts that aren't actually that susceptible to government intervention.

For example, when you look at the sharp rise in female labor force participation, I think a lot of us will agree that this is a broadly good thing, this means that actually a lot of women have actually seen a sharp expansion in their kind of life horizons and possibilities.

But it also has gone hand in hand with the sort of large scale outsourcing of household production, a place where we -- our economy looks very different from that of Western Europe, and a lot of which is driven by

sort of the large expansion in the amount of foreign labor.

You know, for example, if you're in Switzerland, you're not eating out very often at all, except, at the same time, you know, there are retail sectors actually more centralized than our retail sector. We have Wal-Marts, they have Migros and Coop, which are, you know, kind of these enormous vistas that all pay actually sort of quite high wages. But small scale entrepreneurship is extremely, extremely rare in the retail sector. Now, that sounds very strange, I mean who cares. It actually sort of is the reason why they've actually been able to have this kind of very different family structure, where they actually have, you know, kind of somewhat lower rates of female labor force participation, they have sort of -- now, what role does this have to do, you know, what relationship does it have with the -- in fact, they have far fewer disrupted families, I don't know, it's uncertain. But I know that it's actually this delegate lattice work where all these things run together.

So the idea that we're going to be able to import some of those institutions here successfully, given the very different kind of normative and cultural picture, doesn't strike me as quite right.

Also, I really do encourage everyone to read the CBO report on income volatility in the United States. I think it's very, very interesting and useful. I think that one interesting part of the story of income stability in the United States is the fact that some of this kind of disruptive volatility, and this is something that economist John Hathwanger has found, has actually been

pretty good volatility in terms of kind of a lot of positive shocks to peoples' income, and maybe we don't actually have enough volatility in terms of tenure and job. But it's also -- I have a lot of notes here. Let's see, well, so going on to some of the other issues that were raised, the Harlem Children Zone and other kind of place based strategies, this is something we need to be very sensitive to because it cuts a lot of different sort of confusing directions.

You know, for example, one program that's been very popular is the kind of (inaudible) idea, the moving to opportunity idea of actually sort of going back to these peer groups trying to disrupt actually settled patterns, you know, kind of in dysfunctional communities.

But then, you know, we found recently in Louisville, Kentucky where there was like sort of really dramatic change made to kind of public housing programs from shifting from actually dense concentrations sort of in public housing projects to kind of spreading, you know, poor Louisvillians throughout the metropolitan area.

And what they found is actually that there's been a sharp, dramatic increase in crime throughout the Louisville metropolitan area. So what it means is that actually we thought of these housing projects as actually really bad communities, whereas, in fact, there was a lot of embedded cultural capital that helped people actually participate in the broader economy, that helped people actually function. And actually you

saw a lot of situations where mothers were actually spending time with their children rather than participating as fully as perhaps we'd want them to in the labor force, but maybe that actually wasn't such a good trade-off.

So I think that it's not always obvious, these ideas that we have, you know, about sort of the nature of these communities and kind of what kind of value they're really adding. I think they might be adding a lot more value than we think.

So I think that we just need a lot of humility, and I would kind of recommend that we pursue a lot of kind of diverse experimentation in terms of how we approach these problems. Thanks.

MR. HASKINS: Thank you. I am going to do something that was heretofore thought to be impossible. I'm going to exaggerate what Charles Murray claims, and I want to do it in reference to the article of inequality; it's essential similar to the Bell Curve for those of you who know that. And it has a direct bearing on this conversation, namely that education is the key and IQ is really the key to education; and that we have a lot of people who aren't very smart, and we're clearly not successful in educating them, and then they grow up to have crummy jobs or no jobs at all. If they have crummy jobs, they stay at the 10 percentile forever and earn \$10,000 or \$11,000 a year. So is that correct, is that an accurate diagnosis, is it hopeless to think that our education programs and

training programs can not produce results? And, if not, what should we do?

SPEAKER: So I actually think that is an inaccurate diagnosis, and I'm not surprised you to hear that that's my initial reaction. So one of the really interesting studies is some work done in New York City by Katherine -- I'm drawing a blank on her last name -- the anthropologist, Katherine Newman, who went back and studied a whole number of people worked at a place called Burger Barn, some big fast-food organization. And she went back 10 years later to look at these people and found that actually a very substantial minority of them were no longer working in low-wage, low-skilled jobs -- that a good number of them had actually moved up into substantially different jobs. And, furthermore, she found that -- she made the comment that it would've been rather hard for her to predict who moved up and who didn't. And I think there's quite a bit of evidence that there are a substantial number of people who look stuck today, for whom things change in their life, their children get older, whatever their health problems are that they get remedied in one form or another, an opportunity comes along that they grab and take advantage of. So I certainly would not take the hopeless attitude that there's really not much we can do, people are stuck. I just think that's not the right approach to take to think about this.

SPEAKER: Ron, if I may fill that briefly.

MR. HASKINS: Yep.

SPEAKER: Professor Newman's book was interesting for a lot of reasons, and I strongly recommend that you check it out -- partly because a lot of the folks who actually did manage to advance were able to rely on family and friends and relatives. And, actually, that's a very thorny thing to do and that's one of the reason that we sort of -- as a kind of modern society -- kind of like the welfare state, partly because your family and friends and relatives can tell you, you can't be drawn --

MR. HASKINS: They'll be the same ones that made you go to that rock concert last night?

SPEAKER: No but good point. They -- you can't be drunk, you actually sort of need to carry your weight around the house and what have; and, of course, not everyone kind of has that kind of a group to kind of keep them in line. So I think that that's the kind of really kind of hardcore poverty from the folks who actually don't have those resources; because, for example, even when you're talking about welfare reform and the dramatic increase in the amount the market income that people had, how dramatic an increase in market income was it really. I mean, sort of how many of these folks were actually already working and reasonably well and actually "gaming the system," or you could say actually trying to advance throughout the means they had available to them.

MR. BUTLER: I think what everybody is saying here is that

they agree, and I agree with this too, that you are not predetermined at all -- that certainly, all other things being equal -- somebody who has either low IQ or disability or something like that, all other things being equal, they are probably not going to do so well. But all other things are not equal, and that's exactly what is so critical. If you're in an environment, in a community with certain expectations or certain peer pressures, if you don't go to rock concerts you're probably going to do better, generally speaking. You'll certainly show up more often for work and not be fired. But also --

SPEAKER: Oh, you do it very well.

MR. BUTLER: There are other things too, which is the education that you are receiving, adapted in some way to the particular needs that you have and reinforced with a certain expectation associated with that. That is one of the core problems that we see that I think Ron would agree with, that there are many people -- particularly in the African American community -- who are condemned to schools that do not either adapt or they do not expect things. There was a letter in The Washington Post just, I think, in the Weekend, from a history teacher; I think it was Ballou Public High School where there was a conversation that thought about whether Ballou should become a charter school. And he said the students and the staff in the school were almost united. We don't want to do that because we would have to work harder. There would be higher

expectations. We might not make the same numbers. And so they opposed it. That's telling you an awful lot about the probability of somebody who's maybe already got in a sense one strike against them in a certain way.

What is the likelihood of somebody like that able to move up compared with an opportunity for somebody to move -- not necessarily to another neighborhood -- but certainly to another school with a very different type of social pressure or condition, if you like. That's why I think -- when we think about what can the President do. The President's role can't micromanage these sort of situations. The President has to change the conversation and can change the conversation about these sorts of expectations and why they're important, and make sure at the very least that public policy doesn't get in the way of that. And hopefully, as Ron suggested and others make some other changes, that would enable a person who's got some obstacles to overcome them or to not have that small obstacle become a hopeless impediment to them in the future because they spent time in jail or something like that.

MR. MINCY: But I would like to just visit this particular example. When I grew up in a housing project in the South Bronx, let's imagine that I had impregnated my next door neighbor. Throughout the course of my lifetime we have reformed the welfare system in such a way that she, with my non-marital child, would have participated in a welfare

program, had an opportunity to have education and training, be required to work, and be working in a low-wage job with an earned income tax credit and a variety of other things.

I, on the other hand, would have a child-support order which, as a teenager, I would not have been able to pay. I would be delinquent on my child-support order, and our early mistake would follow me through the rest of my life while we have spent the last decade trying to figure out how to help her make a mid-course correction. So this is one of the reasons I think we really have to figure out, how to enable young men not to make their early mistakes, which young people do, not follow them for the rest of their lives. Editorial correction, I have never been a non-marital parent. I've been married for 34 years and I'm about to be a grandfather.

MR. HASKINS: Yes, we are very glad Ron is here. He first turned us down because he's expecting to become a grandfather at any moment, for it's very nice for him to be here and we've invited him to come back on the 20th; so I hope you can do that one too.

MR. MINCY: We'll bracket.

MR. HASKINS: We all know that, generally speaking, republicans say, personal responsibility; you can't really do anything about poverty unless people change their ridiculous, rotten behavior. They have to go to school, they have to graduate from the school, they shouldn't have babies like Ron did, and they should get married. And democrats

say, well, we need a program; we need more programs. We should spend more money. Look at the website, look at Becky's summary. Is there any way that the next President could create a bipartisan agenda that would get support from both republicans and democrats in Congress and in some sense have the support of the American public on both of these fronts.

MR. BUTLER: Well, you exaggerated the difference, obviously, with guitar playing; but I think you can because I think the notion that some level of responsibility goes alongside with assistance and help and so it is a basic American value. People expect that, they demand it; but they're not unreasonable about it. They're not expecting people to do things they can't do.

In the debate over welfare, for example, people drew a big distinction between somebody who is able-bodied with a child at school and so on, and our expectations for them to undertake some responsibility and some work in return for assistance compared with somebody who had an infant child. And so we draw reasonable distinctions, but I think that notion of a two-way street is fundamental and that's got to be part of what we do in this issue. And then I think it is a question of both rhetorically and substantively building those two together in a reasonable way. It think it could be done, I think it was done in welfare reform very effectively, and I think with regard to Ron's point the same point is well held. I think

Americans feel very strongly that some people, particularly teenagers, I'm thinking here is males, often make mistakes; and some of those mistakes can have in our society a lasting damage which is counterproductive for them and for us, and we ought to make sensible steps to take account of that. So I think it's quite possible in the area that he says for us to come to the same kind of bipartisan and reasonable and deep-seeded agreement about reasonable steps that we did with the single mother in the case of welfare reform.

MR. HASKINS: Thank you.

SPEAKER: So I think this is exactly one reason why the earned income tax credit has such strong bipartisan support. It subsidizes people who do the right thing.

MR. BUTLER: Right.

SPEAKER: If you go out to work, you get additional income and it makes work pay to use the famous President Clinton phrase. It's one reason why I think expansions of that, particularly aimed at childless populations or non-custodial parents, will get bipartisan support and be broadly acceptable.

MR. MINCY: But I would agree with Stuart that we have used this theme, "require and enable," in terms of welfare reform in order to change welfare as we knew it. And what I think we need to do is to take those same two themes and apply them in the case in which I'm

concerned to young black men.

For example, we require non-custodial parents to pay their child support. I have a study that shows that you can obliterate the difference between the compliance of non-marital fathers, white and black, by accounting for differences in the stability of their employment. In other words, if young black men had employment rates as stable over the first three years of their child's life, there would be no difference in the extent to which they pay their child support orders vis-à-vis young white men. So "require and enable," they should pay their child support. They should not be having non-marital children in the first place; however, if it turns out that instability of employment is what forces them into non-compliance, then we have to figure out how to make sure that when they lose a job their child support order can be modified so that they don't go into non-compliance and, subsequently when they get a job, they should be required -- but we have to ask ourselves what are we as a nation prepared to do to enable them to do exactly what we are requiring.

SPEAKER: Ron?

MR. HASKINS: Yeah.

SPEAKER: Just briefly, there are two Brookings proposals that actually, I think, are things that would have a lot of success going for it in a kind of bipartisan way. One, when we're talking about incarceration costs, John Donahue had a terrific paper on the idea of a cops-to

program. One of the big part of that kind of crime success story in the 90s was the cops' program, which sharply increased the number of police officers deployed in the United States; and, yet, a lot of that money is actually running out. So the idea of a cops-to would be to actually expand that number further; and, actually, there would be tremendous returns in terms of actually trying to deter crime before it happens. And also it's also a potential source of employment for a lot of working class and lower-middle class men.

The other idea that I think is very attractive, Alan Kruger and colleagues introduced this idea of arresting summer learning loss through summer opportunity scholarships. This would be a means of using vouchers -- accountable vouchers -- so as to kind of arrest the kind of egregious kind of learning loss that happens and disproportionately affects kind of poor and working class and lower-middle class kids versus middle class and affluent kids. So those are two things that actually -- you know, by employing vouchers, but also sort of actually seeing to it that you are addressing the kind of rise in anxiety but crime that exists in kind of inner-suburban communities as well as urban communities. That could be successful.

MR. HASKINS: Okay.

SPEAKER: Ron, can I --

MR. HASKINS: Yeah, absolutely.

SPEAKER: Just one comment about your remark. Our remark is fundamentally a question about the political will to do something, and we started this panel with somebody pointing out -- with David Grusky pointing out -- that we were in a new gilded age, and we've noted during the course of this conversation that many of the forces at work on the poor, as well as on the rest of us, are very, very broad powerful economic force -- global economic forces -- that are not amenable to easy change by a new president.

The fact that this may be a new gilded age means that, I think, that many people up and down a large swath of society feel threatened and that this makes them more willing to consider safety nets, revising reviving safety net programs, but I think it is going to be a much -- again, this is a political viability question; it is going to be a much tougher fight for having targeted safety nets. There is going to have to be in this society some very, very difficult tradeoffs; and I think to the extent that universal programs can help the large majority of Americans simply as a political matter, not as a policy description, I think you are much more likely to get support.

MR. HASKINS: Okay, now we're going to take couple of questions from the audience, and I would ask you to note that I said questions; we don't want long flowery statements, so who would like to ask the first question? Yes, right here on the -- wait until you get the

microphone, will you, please?

MR. HOFFMAN: Thank you. I'm Fred Hoffman. Ninety percent of factual questions, you pointed out that families with two parents are doing much better; but if equal resources with two or more people -- say, the grandmother in the house or whatever -- does that somewhat mitigate the fact that it's not a two-parent family?

MR. BUTLER: You might be the best to answer it.

MR. HASKINS: Yes, but I'm the moderator; I can't answer questions, only pose them.

MR. MINCY: The data just do not support that. When you look at the likelihood that a child -- by the time that between the child is 0-14 years old, the likelihood that they are incarcerated as an adult, it increases 2-3 times when the child is in anything other than a two-parent, biological family where both biological parents raise that child from 0-14. So any departure -- step-mom, step-dad -- tends to increase the likelihood 2-3 times that that child is incarcerated, and this is not only black children; this is children in general.

MR. HASKINS: Over here on the side.

MS. WEISS: Hi, my name is Elaine Weiss and I work at the Pew Charitable Trusts and I'm wondering, given what a lot of you have said about the very tough choices that we're going to have to make and the limited money we have to invest, maybe, what you think about

investing in kids very early versus other investments we make and sort of how we should make those choices as a society?

MR. BUTLER: That's a very complicated question in many respects because when you start talking about investment, first of all you've got to determine what is a good -- anybody who wants to invest has got to figure that out. One of the problems, I think, that we have is, indeed, the data in these areas. What kind of investment in children really does pay off over a long haul in terms of income may in other ways, early child education, health insurance, things like that. I think our work for you at Pew tends to suggest that you're right in principle that if we make investments at the early stage -- if we get children that are properly covered in terms of medical care so they get the basics taken care of, if they are tested for various things like disabilities, including learning disabilities, that makes a huge difference to people; so there can be very selective investments in that way.

The problem today is, as the Over Institute has shown, is that the kind of investments we actually make that purport to improve people's ability to move up the ladder are either they go to the wrong people; we give huge incentives for people to get health insurance who got really high incomes, and we give enormous subsidies to them. That's not a way to improve mobility, it's exactly the opposite. And sometimes, you know, they're not very well targeted for a number of reasons; so I

think your premise is correct. I think what we mean by investment has to be looked at a lot more carefully, what really does pay off, the kind of things that young men should be with regard to certain -- are not the sort of things we're doing. And so there's mild distribution of investments, and then I think in addition, we've got to think through -- in terms of where do we move those resources from that would have least impact on the general economic growth that would move everybody up, that removes current benefits from people who really don't need them, and which are those and what they will do politically and so on. So it's a complex question that really would require the next person to think very carefully about precisely how to do this.

SPEAKER: I think the question sets up a misleading conception of the choices that we have to make. I think early childhood investment is important; however, the 0-3 year old child in whom we want to make that investment has a 19-year-old father and mother, all right, and the question is, how are we going to give that child the resources -- the parental warmth and nurturing that that child needs -- from as many sources as we can; and so to presume that you can triage the mother or the father while you're delivering, you know, an infused investment for the child I think is a kind of dichotomy that we've set up for ourselves which is really misleading. What I think we need to be doing is investment multi-generationally and trying to think of ourselves as creating a pipeline -- a

flow -- where, over time, we're moving out of the population. Those adults who got off to a bad start in the first place, but we create an environment, including the engagement of their parents, in making sure that their children do well

MR. HASKINS: One more question, right here.

SPEAKER: Hi, Ron, you mentioned the Harlem Children's Zone as an example; other people talked about placed-based strategies. I'm wondering what you think -- you or others think about the replicability of something like Harlem Children's Zone. There have been a couple of efforts that have not been so successful. Obama talks about this as a model as well. To what degree do you think that's possible?

MR. MINCY: At our advisory -- at the meeting of the Harlem Children's Zone last Friday, we talked about this issue. We talked about Senator Obama's promise to replicate the program and the need for the Harlem Children's Zone to go into a replication effort. To worry about fidelity of treatment, to define what exactly is the Harlem Children's Zone model that might be exportable so that in the event that that outcome occurred and people wanted to replicate it, the Harlem Children's Zone would be better prepared to talk about what are the core elements, what is replicable in a community other than Harlem; so I think preplanning about replication means is what I think is important.

MS. HASKINS: Becky Blank.

MS. BLANK: The other thing that's useful is that you've got to evaluate, because evaluation will tell you exactly what's working and what's not working; and I agree that replication -- I think that replication is important, but putting together from the very beginning when you start these things, a sense of what are your control areas, how are you going to follow them, and how are you going to actually go in and study those qualitatively and quantitatively sort of how people are thinking about this and what will both help you in replication that will help you understand what you're getting and what you're not getting from them.

MR. HASKINS: Stuart Butler.

MR. BUTLER: Yeah, I agree with that very much.

Replication is critically important, but I think it's also important to expand it in two methods. One is looking at neighborhoods themselves and what steps you can take within them to change the circumstances. I was very much involved in the home movement for tenant ownership for public housing, for example, which was very much with that focus; but I think also we've got to experiment more with the movements' tactic as well. How can people move from certain areas or move from certain schools; and so, notwithstanding the issues that were quite appropriately raised in terms of, you know, selection and who goes where and what are the conditions there and what happened within the neighborhood they go. So I think it's important to go forward on both those strategies -- both place,

in-place strategies -- and also movement strategies, and let's see.

Some will work better for some people than others. You don't write off neighborhoods -- I don't agree with doing that -- but it's important to kind of look at both of those strategies.

MR. HASKINS: So please join me in thanking the members of the panel and let me ask you to stay right in your place. We're going to bring the next panel up and start right away without a break. Thank you.

* * *

PANEL TWO:

WASHINGTON INSIDERS ON WHAT THE NEXT PRESIDENT CAN DO

MR. LARACY: Good morning, I'm Mike Laracy of The Annie E. Casey Foundation. The Foundation is one of about a dozen organizations -- a dozen funders -- supporting the Spotlight on Poverty and Opportunity project. We're also a longtime funder of the Brookings Center for Children of Families, and I want to thank Ron and Belle Sawhill and Julia and Julie and Henry and everybody here for support and friendship and collaboration over the last few years.

I have the pleasure this morning of moderating the second panel, which will pivot from the question of what the President should do about poverty to the important question of what the President can and maybe will do about poverty and opportunity. To do that we have two of the most politically esteemed and savviest observers and players in D.C.

to engage in this conversation. We have Bill Galston and Vin Weber.

Bill Galston is the Senior Fellow in Government Studies at the Brookings Institution and Professor of Public Policy at the University of Maryland. He is also a former policy advisor to Bill Clinton and senior advisor to the Presidential Campaigns of Walter Mondale and Al Gore. He is consulted by democrats of all stripes, especially those who want to be smart on domestic policy issues.

The Honorable Vin Weber is a former member of the House of Representatives and is currently CEO of Clark & Weinstock, a business government and public affairs consulting firm in D.C. Mr. Weber served in the U.S. House of Representatives from 1981 to 1993, representing Minnesota's second congressional district. He is one of the smartest and most thoughtful conservative policy thinkers in D.C. today, as well as one of the most savvy practitioners of politics. He knows how to get things done in this town. So, without any further delay, I want to just invite Vin Weber to come up.

MR. WEBER: Thank you very much. Good morning, it's good to be with you. As introductions indicated, I'm a republican who is facing a tough environment looking for the democrats to give us some help in holding on to The White House. Bill is a democrat who's been advising Hilary Clinton, so both of us had a good night last night.

Anyway, we're rapidly approaching the point in the

conversation, that feared point in the conversation, where everything has been said but not everyone has said it; and I'm going to try to avoid the temptation to repeat it, again, with one exception. I have to say Ron Mincy's personal confession of fatherhood within marriage has not been repeated by anyone else on this stage, so I would like to thank Ron for a unique contribution to the discussion so far. I also am a father within marriage, two teenaged daughters with boyfriends with earrings, which is troubling, who are both republicans which is curious. Anyway, it's a pleasure to be here.

I'm going to talk more about the political constraints on the present that we're facing. I have to say this is a conversation that I've had with a lot of people in this room, and I'm proud to say more often in the student role than in the teacher role Ron Haskins took on the unenviable task of starting to teach me about poverty and welfare way back in the late 1980s when I was in the Congress and I continued to pick up the phone and ask him every time I need to know something about it. And I'm reminded as a sign of both of our ages that Bill Galston and I actually started collaborating at an Aspen institute project called The Domestic Study Group on these issues, some almost 15 years ago now, and we served on a board together; and every time he says something, I perk up, so I'm glad to be with two people that have taught me a great, great deal about this.

I think the question of sort of whether or not we are -- the political will exists to change in a positive direction on poverty is an interesting one, and it sort of goes to the question of whether or not this hostile environment the republicans face is simply an anti-Bush backlash or if it's really the start of a new progressive era of some definition in American politics. There's a lot of evidence that could be the latter. Public attitudes towards government activity seem to have changed quite a bit over the years. Public concern about all the issues that have been raised here seems to be rising. The evangelical community has a much reported change of priorities, or at least addition of priorities that certainly includes poverty both in this world and beyond which affects the Republican Party's attitude towards these issues. And so there is some reason to believe that there is a new political environment in which we can actually hope to make some progress. I think it has to be done on a bipartisan basis or it won't happen, regardless of what happens in the next election, and I'd like to talk about that just a little bit in terms of the constraints the next President is going to face regardless of who he or she might be.

Kind of interesting, though, the campaign particularly on the democrat side -- but on both sides a little bit -- has repeated this phrase in recent weeks: "Who will be ready on day one?" And it sort of raises the question: "Well, what will the President hear on day one?" I am sorry to

inform everybody in this room that the first briefing the President receives will not be on poverty in America. The first briefing the President receives is going to be on the national security situation in the world; and, more bad news, the world that the next President faces -- to his or her dismay -- is unfortunately going to be the same world that George Bush looks at every day. And they may look at it differently, but it's going to be the same world; and that's really reflected, pretty much, in the kinds of proposals you see coming out of the two campaigns where there is a great deal of rhetoric about the disagreements of the two parties on what has happened in the past, but not a huge disagreement about the commitment of resources going forward. Both parties are pretty much committed to expanding resources on national security and resources on homeland security, resources to fight the threats that we see.

Second to all that, the President is likely to be told that he is in the midst of, at best, a shaky economy, an economy that is either in recession, sliding into recession or maybe sliding out of recession; but certainly a shaky economy that will balloon in the short-term deficit and make the immediate problem of deficit reduction even more severe.

Third, the President knows -- because they've all talked about this so much -- that he or she faces, in addition to the short-term problem because of the recession, an enormous -- almost insurmountable -- long-term problem in terms of deficits because of primarily entitlement

commitments, largely healthcare, going forward. And we have now both parties who have committed themselves to combating this problem in serious ways.

The democrats took advantage of the fiscal problems of this Administration successfully in the 2006 elections, so that's good news for them; the bad news for them is they are now committed to their own pay-go proposals, which means they are going to come into office committed to dealing with the fiscal situation in a way that's going to force them to make difficult decisions. And the republicans, after a period of profligacy, have been told repeatedly that they've lost their brand and they are now committed to coming back into office -- either as the majority or the minority -- committed to being tougher and harsher and more committed to reducing spending than ever before so that they can once again be the party of fiscal responsibility. Those are kind of the restraints that the next President is going to face.

If a republican is President, his priorities are going to be national security, extending the tax cuts, and cutting spending, which might maybe lead you to say, well, that we're certainly better off than with a democrat in The White House. In some ways I think that's true even though I'm a republican. But if you look at the priorities of the democrats, I'm sorry to say reducing poverty is not at the top of their priority list either. Ending the war in Iraq is at the top of their priority list, raising taxes is high

on their priority list; and, when you get to spending, it's really healthcare and maybe climate change that are high on their priority list. You get down a ways, before you get to the issues that we're talking about here today; and, again if you're talking about them in the context of surplus budgets and no overseas challenges, you could probably get there pretty easily. The challenge is going to be getting to that level of -- on the priority list -- in the face of these major constraints on whoever the next President is going to be, which is why I say the only way you take an issue that is somewhat down the priority list and raise it, is if it is genuinely bipartisan in nature, which is the compliment that's going on here today and I'm pleased to be part of it; and I think it can happen.

One piece of advice I would give to my democrat friends listening, and I've given this on other topics as well, is one thing that would be really important is let's not throw everything that this Administration has done out when we come in. I've given that speech in the context of development assistance in Africa, in the context of democracy promotion around the world, and now I'd say the same thing in terms of poverty reduction. And I don't say only because people are very anti-Bush. This Administration came in and decided that nothing that Clinton had done was good, and they threw it all out and they started all over again.

The basis for a bipartisan approach to poverty reduction, as indicated by a lot of the things that Becky and other people talked about

this morning, lies in embracing some of the things that have happened, not just in this Administration but over the last couple of Administrations. If you want republican support for an anti-poverty initiative, we've heard the basis of it this morning from many of the people that have spoken.

First of all, this Administration has put an emphasis on education. No Child Left Behind has become controversial in its later years, but it provides a basis for saying accountability and a focus on K-12 education -- something republicans at the national level never embraced prior to this President. Many republicans prior to this President were still saying K-12 education is not the proper responsibility of the federal government. Don't just throw that out, let's say we have to change that, build on it, embrace the initiatives that many people have talked about in terms of education; that's the basis for bipartisanship.

Second, marriage -- people have talked about that a good deal. This President has many initiatives. We need, as has been pointed out, a lot of experimentation; that's a potential basis for bipartisanship.

Third, the value of work. Republicans take great pride in their role in welfare reform, which was mainly a values-driven issue on their side. The first item that Becky raised was EITC. I was embarrassed that my party, when they were in control of the Congress, came out with a proposal to scale back EITC; because, in its initial initiation, EITC was as much a republican initiative as it was a democrat. That along with other

work-enhancing initiatives, including childcare subsidies, ought to be able to get republican support.

And, finally, the issue of long-term wealth creation, which many people have talked to you about. This President talked about it in the context of social security, but Al Gore had a similar proposal outside of the social security in the 2000 campaign. There's no reason we can not agree on this.

Finally, words matter. I'll give you a little advice that I know many people in this room will not like. First of all, to the extent that we've framed this debate in terms of opportunity, it's a pure homerun winner; everybody will embrace that. To the extent we've framed it in terms of reducing poverty, with a little bit of explanation, everybody will embrace that too. Republicans need to be convinced it's not just throwing money away on something that isn't going to work, but you can get bipartisan agreement to that. The to the extent that's framed in terms of reducing inequality, I'm sorry to tell you we will simply open an endless ideological debate. I'm not saying that republicans are in favor of inequality, but words matter. They have learned over the years that that simply means higher taxes, punishment of business and industry; and, to the extent that we want to make forward progress on a bipartisan agenda, it ought to be framed in terms of opportunity and poverty reduction and not primarily in terms of reducing inequality.

Thank you very much. I look forward to the discussion.

MR. GALSTON: Let me start by saying that this entire morning strikes me as an extended version of the FedEx fast-talk commercial, and I'll do my bit to keep the momentum going. I should also say that Vin's remarks and mine are absolutely uncoordinated, so you can view this as sort of a dry run for the possibility of a conversation in this town between reasonable conservatives -- of whom Vin is a leading example -- and reasonable liberals, although many people in this town refuse to attach either that -- the adjective or the noun -- to me. I'm persistently regarding myself as one so let me, you know, just to show you how this convergence is possible. Let me read to you the very first note that I made to myself for this talk. Poverty is not the same thing as inequality is not the same thing as opportunity is not the same thing as mobility. And then my next sentence, which I underline, is -- and I quote: "Inequality is the most divisive frame." So we begin by agreeing that opportunity is the most inclusive frame that poverty, as been said with some explanations, is a conceivable frame and inequality is absolutely the wrong way to pick up the subject. Indeed, I have detected among my conservative, republican friends a lot of support for carefully crafted, means-tested anti-poverty programs -- details to come -- but I think that's, you know, sort of common language.

I would also say -- and here I do associate myself with the

spirit, if not always with the letter of Peter Gosselin's remarks earlier, that focusing on opportunity means taking the challenges of the new global economy seriously. I don't think either policy -- either party -- can evade this. Of what was characteristic of the 1990s, as that decade went along, was increasing confidence that on balance the new economy was and could be good for America. What I see in this decade is steadily decreasing confidence that this new global economy is or can be good for America, and this is leading to a number of very perverse consequences. I would say, and I hope both parties can agree on this, restoring broadly shared prosperity is a central challenge for us all; and, conversely, continuing productivity improvements plus long-term wage stagnation is an explosive and ultimately unsustainable combination. With that as a backdrop, let me just make a few policy remarks in an effort to see what degree of policy convergence is possible.

First of all, I am against more experimentation, more pilot programs. I think we ought to build on what works based on the experience of the past 15 or 20 years. I'm tired of demonstration programs that never demonstrate anything and successful experiments that are never replicated, so let me make very few comments.

First of all, on the wage front, I do think that the EITC is a place of bipartisan convergence and I hope it will be possible to agree that it ought to be expanded for single workers, which I believe would be a pro-

marriage strategy, and -- along with that -- that we ought to reduce the marriage penalty, which is built into the current structure of the EITC. I may be pressing the limits of bipartisan consensus when I suggest as a parallel track, rather than the fits and starts of the minimum wage, why don't we do for the minimum wage what we've done for the tax code and a number of other features of public policy -- simply index it and get it off the political agenda and avoid these extended periods where the minimum wage decreases in real purchasing power.

Secondly, savings -- I think there's a lot of support across party lines for means-tested savings match strategies where you have a decreasing match as you go up the income ladder but a very robust match for people who are poor or near poor.

Third, I think there is a fair amount of agreement that the welfare to work strategy employed in the 1990s was on balance, say, pretty successful; and you can frame it as Stuart Butler has done as individual responsibility in social responsibility. Or, as Ron Mincy has done, as "requiring and enabling," but it basically amounts to the same thing. And I think that we ought to build there on success and expand the childcare tax credit for poor families. I would hope it's something that reasonable people in both parties could discuss.

Family structure -- here, once again, I mean, if you look at the document that Ron Haskins and Bill Sawhill put together, they agree

that sequence matters -- that the best thing is to get out of high school and wait until your 20s and get married before you have children, and the poverty statistics are stunningly different depending on whether you do that or you don't, which suggests to me that there ought to be room for an expanded federal government partnership with the private and non-private sector to reduce teen and unwed pregnancy.

In the area of education, I would like to believe that we can have a reasonable bipartisan discussion there as well. How much more time do I have? Four minutes, well, then I'll take them.

Ron Haskins will be pleased to hear, you know, I would like to believe that we can build on the principles of accountability and assessment; although, as a veteran of the educational policy wars through the 1990s and up to the present day, I think it's going to be a very difficult discussion but there are some other things we have to do.

First of all, half of the achievement gap that we've talked so much about is attributable to differences that kids bring with them to school on their very first day of public school. So we don't have the luxury of focusing only on the public schools, we have to focus on readiness for school. I would hope that we could have a discussion about a new federal/state partnership for an academically rich pre-K opportunity available to all families regardless of income which, I think, would involve means-tested subsidies. I think, you know, given the research, the idea of

summer opportunity vouchers on a means-tested basis, makes a lot of sense.

Now, let me get to the tough one. We've been talking a lot about higher standards in public education. We haven't been talking nearly enough about the high school dropout crisis, because higher standards won't help people who aren't in school anymore; and, as we've been learning recently, the statistics on that are much worse than we had previously believed. I think we need a much greater focus on that.

Here's an idea that I cooked up on a panel the day before yesterday, and I'll try it out on you. What if we had a partnership, a civil society partnership, where college freshmen would partner with individual high school freshmen -- one on one -- and take responsibility, as best they can, for giving a high school freshman some of the advice necessary in order to stay in school, backstopped with fairly robust public assistance. I think we need to coordinate high school graduation and college readiness standards. It's stunning how many of our kids get out of inner-city schools believing that they're ready for college when they're not. And, at the same time, I think we need more effective means of building bridges between high school and college so that a lot of able high school students from low income families, you know, who have never believed that it's possible for them to go to college, learn that not only is it possible; but, if they want to achieve their dreams, it's necessary.

A final point, I want to express some skepticism, particularly if we have to establish a priority list of major investment in place-based programs, as opposed to individuals and families. They are very complicated to pull off, very complicated to replicate. The experience of programs, such as Enterprise Zones and Empowerment Zones, is not all together encouraging; and so I would recommend if we have to choose, which per Vin's reasons we must, I would recommend a focus on individuals and families with a subordinate position, at best, for more place-based strategies. Thank you very much.

MR. LARACY: We do have some time for questions, and I ask you to use the microphone.

SPEAKER: _____ a lot of good insights about framing and about priorities and about some realities we're facing. Most of our speakers offered us some good insights about framing, about words, about where poverty and opportunity would be on the list of priorities for both parties. I want to focus a little bit on Senator McCain. You know, the spotlight has been about creating public will, both broadly and then within the elites within the policymakers -- the people who really move D.C. Assuming that Senator McCain is elected, you know, at some point his rhetoric, his focus during campaign was changed. How can we help him as President move poverty and opportunity higher on the list of agendas when, in fact, his base and his constituency, that's not the most

compelling issue for them. So thinking ahead to November and December and January, if he's President, how can we as advocates and funders move this higher for him.

MR. GALSTON: Well, that's a good question. First of all, this is not meant to be a barb at Senator McCain -- Senator McCain said something important a few weeks ago. He said he didn't think a lot about the economy, remember that -- got in trouble, people shot at him. There's some truth to that in that you think on what he focused his life on national security and foreign policy in the first part and regulation and business because of his chairmanship of the Commerce Committee on the second part. He's never going to not be primarily focused on national security, but the business piece of it -- if you look at that and there are people in this room who probably know that -- that's where he got in trouble sort of with conservatives, or one of the places, because there's a popular side to him. He's now nailed down the republican support. The President is going to endorse him today -- Huckabee pulled out last night -- and he is now looking for ways, or going to start looking for ways, to regain what had been sort of the McCain brand in the past, which is a greater independence, moderation on some issues but more independence is probably a better word; and he's not comfortable with a simple pro-tax cut, pro-corporate agenda. I think that there is an opportunity -- and he likes to do things that are a little bit contrary and to republican politics usually. So

I think that there's an opportunity to convince him and the party that this is one of those ways in which we should be talking about those issues. I think, furthermore, he has -- while we're in just practical politics here -- the polling from last night from my son shows he still has a little bit of a problem in motivating evangelical voters, particularly young evangelical voters who stuck with Huckabee pretty much throughout; and they're as significant a constituency in the Republican Party as African Americans and organized labor are to the Democratic Party.

What is he going to talk about? He doesn't want to go out and give speeches about abortion and gay marriage every day; it's not where his, you know, personal preferences are. This is an opportunity to talk about -- so I think there's a number of different ways that we can frame that, and I think that there are a lot of people that want to frame it that way for him. You know, one guy that I think will be helpful in whatever capacity he wants is Mike Gerson, who has written a lot about --

SPEAKER: Yes, he has.

MR. GALSTON: And if you've noticed, Mike is an old friend of mine and I like him a lot. He's written very heroically about John McCain, not surprising for a guy who was a Bush speechwriter, perhaps; but he's also very, very much on that side of the young evangelical community that thinks that poverty both here and abroad is very important. There are a lot of people like that and I think, you know, it takes a lot of

work and you need to engage with the campaign at the policy level and the communications level. You need to engage with both political parties and their platform writing process, just a lot of very down to earth practical things that need to be done; but I don't think that it's, by any means, impossible.

MR. LARACY: That's very helpful. Bill, could you elaborate from the democratic perspective. If there is a President McCain, how can democrats try to move this issue higher for him. I mean, this is an issue we own, the democrats; and, I mean, if democrats approach the President as trying to push him to address an issue, will that work. How can democrats try to -- presumably a democratic Senate and House, how can they work with him on this issue?

MR. GALSTON: Well, I think that's exactly the right way to frame the question. My observation of Senator McCain is that when he's pushed, he tends to push back.

MR. LARACY: Oh, yeah.

MR. GALSTON: And he's pretty good at that. So I think that there's going to have to be an effort on both sides, and it's really going to take two to tangle here, to redeem the promise of a word that Senator McCain often uses and almost as frequently practices, namely, civility. I think that he has gotten the message. Not everybody in his party and not everybody in mine have gotten the message. I think he's gotten the

message that the American are pretty sick and tired of the tone and temper of American politics in recent years. He has demonstrated in the past that he is willing to break with entrenched orthodoxy and cooperate across party lines; and, if I were giving advice to the democratic leadership -- and I believe that whatever happens in the Presidential election, democrats will retain control of the Congress with enhanced majorities in both the House and the Senate -- how enhanced depends on the circumstances. If I don't see any way that that will happen, then with 29 republican incumbents retiring and opening up those seats, it strikes me as inevitable details to come. I think that -- first of all, I hope that democrats will take our joint advice to frame what they have to say in terms that are not immediately off-putting to President McCain and the republican minority; and, secondly, to build on those areas of established consensus programmatically to the greatest extent possible, re-inventing the wheel. Coming up with a lot of new proposals is a prescription for gridlock. Starting off with things like expanding and restructuring the earned income tax credit and a couple of other big-ticket items that could make a big difference would be the better part of wisdom, I think.

It's also the case that we know very well -- at least I'm pretty sure that No Child Left Behind is not going to be reauthorized this year; it's almost inconceivable given the rhetoric of the presidential campaign, but it's equally clear that the Congress is going to have to return to that issue

in 2009, and that will give us the opportunity to have a broader education discussion that can incorporate some of the things that Vin talked about, some of the things I talked about, some of the things that others this morning have talked about. And so emphasize cooperation in tone and in content to the maximum extent possible; because, otherwise, we'll just replicate the provisions of the recent past.

MR. LARACY: Thank you. Questions from the forum. Please wait for the microphone. There's one right up here in front.

MR. POST: Todd Post from Rhetoric for the World Institute. I have a question that I haven't heard addressed today thus far, is what kind of role or how could the President engage business to care about poverty. The issue with poverty, I mean the measure of poverty in terms of people's income and unless wages increase, were not -- people are still likely to be in poverty. We heard lots of mention about the earned income tax credit, but I see that as a really band-aid. The issue is people aren't making enough money at work. Bill Galston mentioned indexing the minimum wage; that sounds like a very good idea too. But how does the President engage the business community to see poverty as an issue that they should be caring about?

MR. WEBER: How does the President engage -- that's really, if the President cares about it, the corporate community responds pretty well to Presidential leadership. You can invite corporate leaders,

types of industries to The White House for conferences and things like that, and they respond really quite well. You have to -- this is just part of the basic question that we're talking about this morning. How do you convince the President that he ought to care about it. I don't have the data in front of me. I'd want to explore exactly what the issue is. I think my observation of much of corporate American is they have done a lot more on this in recent years. It seems to me that the question is, Mr. Corporate CEO, can you do more than simply pump more money through your corporation's tax exempt foundation to do good NGO work out in the communities, which they are doing. It is my observation that they're doing more of that than ever before. That's not the real payoff; the real payoff is if your company -- before profit -- the part of your company that hires people and pays people and trains workers, because they need them and not out of social service obligation, actually will take that seriously. And I don't know how much you can impel people to do that. Companies make decisions based on market forces. But the President has a great convening power and corporate leaders are quite likely to want to respond to presidential leadership if it's exerted.

MR. GALSTON: Yeah.

MR. WEBER: You were there, I would think, and Bill Clinton had great success bringing corporate leaders into various things.

MR. GALSTON: Yes, and I agree with your premise, namely

that the private sector is not made up of charitable organizations; and, therefore, there has to be a bridge built between a desirable social goal on the one hand at what's in their self-interest rightly understood. I may use token phrase for a minute; and, if I were giving the President talking points with talking with the private sector, I would put two at the top of the list.

Number one, private sector, you are going to be facing -- basic demography teaches you, you're going to be facing real workforce challenges in the next decade. You're going to have a lot of people retiring and smaller cohorts behind them, and is it really a good idea to persist in a strategy that leaves a substantial portion of the coming workforce essentially unprepared to assume even the most basic duties that your organization is offering. And I think there is a lot of natural concern for the future of the workforce in corporate America.

And, secondly, as the long-term -- indeed, short-term -- well-being of businesses depends on the purchasing power available in the economy, and I think businesses such as Wal-Mart are finding out the hard way that if you have a system where you don't have growing wages of incomes at the bottom, their bottom line is directly affected. It's a version of a famous anecdote that occurred in the late 1940s where Henry Ford, Jr. took Walter Ruther around to a wonderful new automobile, a highly automated automobile plant, and he was extolling the virtues of all of these wonderful new machines; and Ruther finally looked at him and

said, "Henry, this is great but who's going to buy the cars?" Well, some expanded version of that question, "Who's going to buy the cars?", is a question that corporate America is going to have to think about pretty hard; because, at some level, what they pay flows through to the level of purchasing power available in the economy and they're already beginning to see the downside of relentless cost-cutting on the wage side. So I think that there's room for a really serious discussion between the Executive Branch on the one hand and corporate America on the other.

MR. WEBER: Can I add to that because Bill's answer was better than mine. And particularly as I listened to what Bill said, if you talk to corporate America in the context of their increasing frustration on the immigration debate, corporate America favors immigration -- high-end and low-end -- and they're frustrated and they're not getting what they want. And there is this huge pool of potential workers out there. Maybe you can convince some of the people in corporate America that rather than continue to beat their heads against the wall on immigration -- by the way, I'm "a liberal" on immigration -- so I wish the corporate world success on immigration, but they aren't going to get it. This campaign is proving that to me.

There is another pool of workers out there called poor native born Americans or poor resident Americans, anyway; and I would almost link it to that argument because I know how frustrated the corporations are

about their inability to get liberalized immigration at both ends of the spectrum.

MR. LARACY: Okay. Other questions? Yes, one.

SPEAKER: So we've heard of poverty reduction, good word, opportunity -- maybe inequality, bad word. What about social mobility; what about this notion that Americans are having difficulty translating their own economic gains from their generation to their children. Does that sound equally like inequality or not?

MR. WEBER: No, I think that's a very different issue.

SPEAKER: Okay.

MR. WEBER: You've got to prove it, though; I mean, I've seen the data. I mean, I understand that there is some evidence that what we all believe is not quite as true as it once was, maybe, particularly vis-à-vis Europe; that would be particularly troubling. I think if you -- Stuart, I'd like to hear what he has to say about that too -- I think that conservative Americans, people that believe what I believe, believe that social mobility is a product of our free and open economy. And if it's demonstrated that that is diminishing, that's very troubling. To answer your question, that's not the same as inequality, which has a whole separate set of catch words and signals attached to it -- at least in my view.

SPEAKER: Yeah, I agree with Vin, with what Vin just said, that politically speaking, that conversation is at an earlier stage than some

of the other frames that we've been talking about, which is not to say that it couldn't make progress. And I think one possible entering wedge is the extraordinary role that differential college attendance rates are playing in the diminution of inequality and -- Brookings has been doing some absolutely first-rate work on that subject and just came out with a major new study. The statistics are more alarming than surprising, and I confidently predict that we'll be having a very gloomy discussion in 20 years if the gap between college attendance rates in the top quintile and the bottom quintile remains as large as it is now. And I think that's a conversation that conservatives would be willing to enter into.

MR. BUTLER: I think that this whole concept of economic mobility and social mobility is this -- people actually think of it as some kind of mix of opportunity and inequality; they're not quite sure how to sort it out. We're discovering we're on the economic mobility, and I do wonder, though, if you think of economic mobility as somehow moving ahead irrespective of what your parents did, I think it cuts in two ways. I think in one sense it cuts well in the way people think; well, everybody has failed to move on their own merits. On the other hand, it is an American value that your parents -- one of the role of being a parent -- is to give your kids a head start. Now, that doesn't have to mean financially, it could mean in all sorts of other ways. The idea of saying that there's something wrong with a society where parents have too much of a role in securing your

future is an issue, just as on the opposite side we do worry about those situations where -- like in some of the broken families or single-headed families -- where that can pull back and heed a child's growth. We consider that. They worry about that on the other side. So I think it is sort of a work in progress if you feel like in terms of how cuts on the --

SPEAKER: Could I just add a word to that?

SPEAKER: Sure, absolutely.

SPEAKER: You know, because this is --

SPEAKER: Because you thought his answer was better.

SPEAKER: It actually was.

SPEAKER: Because this is where my interests as a policy log and my training as a political theorist sort of come together. It has been recognized since the dawn of political philosophy that two things about the family are true simultaneously. Number one, that is, is an essential arena of nurturance and growth for children. On the other hand, it is a principle arena for the replication of inequality; and our political system has to keep both of those truths in mind simultaneously. And, to the extent that the aggregate of individual parental choices and impulses - - all of which are natural and honorable -- considered one by one adds up to a social problem, then we have to figure out a way as a society of leaning against the socially undesirable consequences of absolutely natural and inevitable parental behavior; and that's the challenge

particularly with regard to college attendance but it goes both --

MR. LARACY: Stu, anything?

MR. BUTLER: Just politically, just to show you how that's going to shake out.

SPEAKER: No, it's not. Anyone one on this issue or -- okay, any other questions or comments. Do we have -- Ron, how much time do we have? Okay, then we have time for only 30 more questions. I saw a question back here and right up here. I thought I saw a hand back there. Well, why don't we start here then.

SPEAKER: Will you touch a little bit on the tension that we felt in last panel that we heard about in terms of universal programs and how appealing they are, broadly, to the working poor, the poor and the middle class, versus means-tested programs and how we can tackle that from a resource constraint but also from a political-will perspective?

SPEAKER: I'm not sure where to begin. I think it's so overwhelmingly a resource question so that's how I look at it.

SPEAKER: Well, yes, it is; it is, in part, a resource question and I suspect very strongly that willy-nilly we're going to be driven in that direction in the next 10 or 20 years just because a number of us have been working on a bipartisan approach to the rooming and entitlement crisis; and, even if we do a really good job, the squeeze on national resources is going to be intense, so that backdrop I think will push us in

the direction increasingly of means-tested programs.

On the other hand, I think a point that was made in the previous panel is quite important, namely that in part because of the change in the welfare program in the mid-1990s, there is now more normative convergence than there was previously; and we are talking about more acceptance of a common economic and moral model of success. And so in that context I think that it's possible to talk about sort of sliding scale means-testing, which does a lot for the poor, somewhat less for the working near poor, something for hard-pressed middle-class families that are struggling to stay where they are; and that sense of participation in a common, programmatic and normative framework, even if the quantities are different, the qualitative overlap, I think, we'll be able to do some real political work. And I can report to you that one of the major sort of long-term arguments inside the Clinton campaign in 1992 and inside the Clinton Administration, as distinguished from the Clinton campaign, it was not always easy in the four years leading up to welfare reform, was the idea that it would accelerate the normative convergence and make possible a new discussion of working poverty, that if poverty was associated with work, then people would embrace the proposition of whatever you think about poverty among people who don't work, that poverty among people who do work fulltime is morally unacceptable and we've got to work much harder on that. So I'm not a pessimist about

means-tested programs within this converging normative framework.

MR. LARACY: And anyone else in this -- and then there's one last question back there. Okay, last question.

MS. WEDER: Hi, my name is Christina Weder and I work for the National Employment Coalition. One thing we're especially interested in is keeping youth in school and graduating them, and making sure they're prepared to either move on to college or be successful in the world of work. And I know we've talked a little bit about -- or a few people have touched on the importance of increasing the graduation rate, and so I was wondering -- considering K-12 education tends to be in the domain of the states, primarily, there are some federal policies -- but what do you see the role of the President being in supporting students staying in school and graduating?

SPEAKER: Well, he has to talk a lot about it. This is a little bit difficult than -- I mentioned that there's an opening now to talk to republicans for education because of No Child Left Behind. But there are still a lot of republicans -- and I'm not quite sure where I am on this -- it's really not the federal government's job, and that it's really better the states' job. I think I would agree with a whole lot of things that may be -- that you had probably swore -- but I'm very ambivalent as to whether or not I want the President to be the chairman of the local school board.

SPEAKER: Well, I -- yeah, I had no desire to establish a

national school board; but let me pitch a proposition that I think everybody would agree to, and that is that one of the core functions of the national government -- you know, one of its real value-added opportunities -- is honest statistical representation of the states and country, sector by sector. The federal government's reporting matrix for high school dropout rates has been fundamentally flawed for a generation, and recent research has made that very clear. There is a debate as to what the alternative framework should be, but the federal government -- we bellowed ourselves into complacency for the better part of the generation that, well, our high school graduation rate is 80-90 percent, depending on whether you're talking about African Americans or whites, a little lower for Latinos; but, as you move from the first generation to the second generation, that goes up to -- no problem. Wrong. The actual high school graduation rate is at least 10 percentage points lower than any number that the federal government has reported for the past 30 years. So you can't even begin to address the problem until you call it by its right name and measure it properly, and so I would recommend as a first step getting rigorous and honest about what the dimension of that problem is; because we all know that people who drop out of high school these days have no prospects for success in the economy or this society -- zero. It's an economic and social death sentence in 21st century America. We just can't allow it to go on.

MR. LARACY: Okay. I want to thank both panels, all
three sponsors and everyone here for a great discussion this morning.
Thank you so much, guys.

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