

# BROOKINGS

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## A 21st Century Agenda for Creating Opportunity and Well-Being

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Decades after the war on poverty, the founding of the United Nations and the creation of the World Bank and the International Monetary Fund, standards of living have improved markedly on a global scale—but major goals remain unmet. As the United States slowly recovers from a devastating economic downturn, jobs, homes and personal well being are in jeopardy.

In many developing countries, rapid growth has created new opportunities and lifted millions out of poverty, but a growing fraction of the poor live in fragile states, in or vulnerable to conflict and violence. The poor have been hard hit by high prices for food and fuel, as well as by the global economic recession. With foreign aid unable to meet development challenges in part due to budget pressures, a new 21st century approach to development is needed to create greater opportunity for more people.

President Obama will detail his priorities for the next two years when he releases his budget proposal this month. As he indicated in his State of the Union address, creating jobs, overhauling education programs and reforming foreign aid will be among the White House proposals to the 112th Congress.

These requests will coincide, however, with a more pressing demand to reduce the federal deficit. Just as an important debate could begin on ensuring that economic growth includes consideration of the most vulnerable people, the U.S. government is likely to have less money to operate for at least a decade because of the deficit crisis.

An agenda for creating opportunity and well-being here and abroad should be flexible enough to encompass regional differences, shaped to be politically acceptable to members of both parties by offering help to people who help themselves, and accepting of the fact that developing countries are no longer a homogeneous group of “poor” countries but instead are highly differentiated in their capabilities and needs. In this fiscal climate, the agenda must also be focused and major new expenditures cannot be expected. We must learn to do more with flat or declining resources.

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Locally, across the nation's 100 largest metropolitan areas, the economic recovery is uneven and has many faces. Some areas of the country, including Austin, Boston, and Washington, have nearly regained the modest number of jobs they lost in the downturn; in other cities and surrounding regions, such as Phoenix, Detroit, and Las Vegas, new jobs have not yet materialized, and unemployment rates far exceed the national average.

Nationally, many middle-class families fear that they are only one job away from being poor, and they may be right, since the ranks of America's poor swelled by nearly 5 million people between 2007 and 2009. The political challenges of creating more opportunity will intensify in the coming decades for reasons that have less to do with the design of the policies and more to do with lack of jobs, rapid changes in technology and international competition, a continuing influx of poorly educated immigrants, the aging of the population along with rising health care costs, and enormous federal budget deficits.

Globally, leaders at the United Nations committed in September 2000 to eight goals to combat poverty, hunger, disease, child and maternal mortality, illiteracy, environmental degradation, and discrimination against women by 2015. Yet recent updates suggest that these United Nations Millennium Development Goals will not be reached if current trends—including weak governance, lack of education, and insufficient and inefficient foreign aid—continue. New players in the traditional aid system, such as governments of emerging economies and international nongovernmental organizations (NGOs) have brought new approaches and considerable resources to the delivery of aid, but have also added to waste, overlap and uncoordinated efforts.

## **Background**

The ability of a society to sustain the health, education, and well-being of its citizens—particularly the most vulnerable—is a cardinal indicator of how well it governs itself. Experts at Brookings have provided policymakers and thought leaders with creative and workable ideas on how to advance opportunity for the marginalized and disadvantaged for nearly a century and intend to continue doing so.

Income growth for many American households had stalled even before the onset of the Great Recession. As revealed in the Metropolitan Policy Program's [State of Metropolitan America report](#), particularly sharp income declines had occurred in industrial states such as Ohio and Indiana by 2007. Income inequality also rose, while disparities persisted among racial and ethnic groups.

By 2009, the Great Recession pushed the poverty rate in the nation's 100 largest metropolitan areas, which house two-thirds of the nation's population, to 13.3 percent, up from 11.6 percent at the beginning of the decade. Many of the greatest increases in poverty were concentrated in metro areas suffering losses of manufacturing jobs, like Grand Rapids and Greensboro, and those affected by the housing market collapse, like

Boise and Tucson.

Shifts in opportunity occurred within metro areas, as well as among them. During the 2000s, the number of poor individuals living in metropolitan suburbs surpassed the number of poor in cities for the first time. While they continue to exhibit very high poverty rates, cities like Baltimore, Cleveland, and Detroit now have fewer poor than their surrounding suburbs. Public and nonprofit services in new suburban areas of poverty are frequently ill-equipped to handle those increasing needs, especially in the face of the worst fiscal crisis confronting state and local governments in decades.

Whether these trends persist will depend on the shape of the economic recovery, and how households and policymakers respond to growing disparities in opportunity across and within U.S. regions.

Even with the bad news, Americans are still convinced that they live in an opportunity-rich society. As noted in Haskins and Isabel Sawhill's *Creating an Opportunity Society* (Brookings, 2009), almost 70 percent believe that people get rewarded for intelligence and skill. Even so, intergenerational mobility in the United States is actually lower for native-born Americans than it is for children in many other advanced nations. And, there are some indications that Americans today have less mobility than they did in the 1960s or 1970s. Widening gaps between rich and poor may make it more difficult to climb the economic ladder, dampening prospects for today's children.

Public values and attitudes toward poverty and inequality say a great deal about what is realistic for a 21st century approach to creating opportunity. The majority of the public is in favor of helping the disadvantaged. A review of attitudes shows that the public believes that people are poor because of lack opportunity but also because of their own failings or lack of personal responsibility. Rather than unconditional assistance to the poor, the public is more willing to support programs that enable people to become more self-sufficient—such as through education, training, and employment.

In the United States, public support for the disadvantaged also extends beyond our borders to foreign aid that helps the poor in the rest of the world. Although some recent polling data suggest that 71 percent of Americans are in favor of cutting foreign aid to help reduce the deficit, other polling in November 2010 by the Program on International Policy Attitudes of the University of Maryland shows that the average American believes foreign aid accounts for 25 percent of the federal budget and that it should be whittled down to 10 percent. The actual figure is less than 1 percent. Public misperception of the amount of aid complicates policy at a time when a more prominent role for development as an instrument to advance U.S. economic and security goals is sorely needed, especially in a world where dynamic, emerging markets have lost some of their swagger, where there are more fragile states than ever before, and where over a billion people may be undernourished, according to the Food and Agriculture Organization.

Kharas and Wolfgang Fengler write in *Delivering Aid Differently: Lessons from the Field* (Brookings, 2010) that, since 1960, \$3.2 trillion in aid has been delivered from rich

countries to poor countries, mainly through a handful of bilateral and multilateral institutions. This traditional model of development assistance has been overtaken by a more complex reality of aid in response to new circumstances, new international players, and new instruments for delivery. The field-based lessons in this book document the growing fragmentation of aid into ever smaller projects, the planning and implementation difficulties caused by high aid volatility and unpredictability, and the complexities of trying to coordinate the myriad new and different aid donors. In sum, a new aid architecture is clearly needed for the 21st century.

## **Creating Opportunity Policy Recommendations**

### ***Local***

- **Federal/state/regional strategies to invest in regional innovation clusters that leverage the economic specialization of metros**

In many U.S. regions today, the most immediate threat to opportunity and well-being is a lack of job opportunities. Brookings's "MetroMonitor" finds that there are many metropolitan areas in which economic growth has rebounded, but employment has yet to bounce back from its recessionary trough.

Strategies to create quality jobs thus rely on not only pulling the right macroeconomic levers for growth, but also building on the distinctive economic assets of metropolitan economies. Mark Muro and colleagues have observed that regional industry clusters—regional concentrations of industry and related activity in particular fields—represent a powerful source of growth at a moment of economic uncertainty. From clean energy in Colorado, to life sciences in Indiana, to polymers in Northeast Ohio, to battery technology in Michigan, many clusters have succeeded in growing large numbers of good-paying local jobs. Smart-clusters strategies include redeploying economic development resources at the federal and state levels to support cluster analysis; providing modest grants to expand the capacity of public-private cluster intermediaries; and linking existing approaches, programs, and initiatives to support priority clusters.

*For more information:*

["Job Creation on a Budget: How Regional Industry Clusters Can Add Jobs, Bolster Entrepreneurship, and Spark Innovation,"](http://www.brookings.edu/papers/2011/0119_clusters_muro.aspx) Mark Muro and Kenan Fikri, January 19, 2011  
[[http://www.brookings.edu/papers/2011/0119\\_clusters\\_muro.aspx](http://www.brookings.edu/papers/2011/0119_clusters_muro.aspx)]

["The New 'Cluster Moment': How Regional Innovation Clusters Can Foster the Next Economy,"](http://www.brookings.edu/papers/2010/0921_clusters_muro_katz.aspx) Mark Muro and Bruce Katz, September 21, 2010  
[[http://www.brookings.edu/papers/2010/0921\\_clusters\\_muro\\_katz.aspx](http://www.brookings.edu/papers/2010/0921_clusters_muro_katz.aspx)]

- **Continued investment in community colleges, including greater alignment between economic development and post-secondary education strategies**

Strategies to grow good-paying jobs do, of course, depend on the availability of workers with needed skills. In that respect, the performance of regional post-secondary institutions, and their alignment with economic development priorities, can contribute crucially to job creation efforts.

Community colleges merit particular attention. They succeed in providing broad access to higher education; indeed, enrollment in many community colleges is bursting at the seams given the fragile state of the labor market. These institutions are also often well positioned to serve as intermediaries in local labor markets. At the same time, however, they have significant room for improvement in helping disadvantaged students to earn degrees and credentials. As Sara Goldrick-Rab and her co-authors argue, the federal government should level the playing field in higher education to boost the capacity of community colleges to serve their students better, and meet national goals for higher educational attainment. And as Richard Kazis explains in a forthcoming Brookings paper, governors—even in the absence of significant new resources—can better align their often disjointed post-secondary, workforce development, and economic development agendas to strengthen community colleges’ contributions to regional job growth strategies.

*For more information:*

[Transforming America’s Community Colleges: A Federal Policy Proposal to Expand Opportunity and Promote Economic Prosperity](http://www.brookings.edu/events/2009/0507_community_colleges.aspx), Brookings Event, May 2, 2009  
[[http://www.brookings.edu/events/2009/0507\\_community\\_colleges.aspx](http://www.brookings.edu/events/2009/0507_community_colleges.aspx)]

[State and Metro Innovation—Brookings research](http://www.brookings.edu/metro/StateMetroInnovation.aspx)  
[<http://www.brookings.edu/metro/StateMetroInnovation.aspx>]

- **Explicitly regional approaches to social services delivery to account for continued suburbanization of poverty**

Regions must also re-think traditional place-based approaches to poverty alleviation, in light of the accelerating shift of poverty into suburban locations. As Scott Allard shows in a recent Brookings study, a mismatch between the growing number of suburban poor and the thin capacity of suburban social services providers characterizes many U.S. metro areas. Especially in light of dramatic fiscal pressures, state and local governments should encourage stepped-up collaboration among non-profit providers to help families in need overcome jurisdictional barriers to accessing support. Local philanthropy can also play a leadership role in encouraging regional approaches to service delivery, and augmenting the capacity of providers who work across city and suburban lines to address the increasingly shared challenges facing low-income families and communities.

*For more information:*

[“Strained Suburbs: The Social Service Challenges of Rising Suburban Poverty,”](http://www.brookings.edu/reports/2010/1007_suburban_poverty_allard_roth.aspx) Scott W. Allard and Benjamin Roth, October 2, 2010  
[[http://www.brookings.edu/reports/2010/1007\\_suburban\\_poverty\\_allard\\_roth.aspx](http://www.brookings.edu/reports/2010/1007_suburban_poverty_allard_roth.aspx)]

## ***National***

- **Strengthening programs for pre-school, K-12, and postsecondary education to ensure that more children and youth attain the education to promote their opportunity**

Haskins and Sawhill argue in *Creating an Opportunity Society* for a greater investment in education at every level, beginning in the preschool years since the foundation for later success in school is laid down early in life. Yet children from less-advantaged families begin school far behind their more advantaged peers. Haskins and Sawhill recommend an expansion of home visiting and early education programs targeting disadvantaged children, including a high-quality preschool experience for every three- and four-year-old from a family with income below 150 percent of poverty.

Reforms for strengthening the federal No Child Left Behind Act should include substituting national for state-based standards, hiring and training better teachers, and funding rigorous education research.

A three-part plan for boosting the college enrollment and graduation rates of low-income and minority students should include increased participation in rigorous course work that will prepare students for college, reform of the nation’s student aid programs to focus assistance on the most needy and to simplify the application process, and expansion of college programs that help disadvantaged students stay in college until they receive a certificate or degree.

- **Continue supporting and encouraging work**

Even with high unemployment and a weak labor market, reducing poverty and increasing economic mobility still requires that all who can must work and earn most of their income. Prior to the landmark welfare reform law of 1996, many believed that the first obligation of government was to ensure some basic level of income and services for the destitute. Now, most people accept that working, rather than welfare, sets an example for children and helps to break the cycle of poverty.

To make work pay, work support programs should be strengthened. These include the Earned Income Tax Credit, Child Tax Credit, child care, food assistance, Medicaid, child support enforcement, housing, and education and training—programs that provide cash

or in-kind benefits to low-income working families while maintaining their work incentive.

More work should be encouraged. Created by the welfare reform law of 1996, the Temporary Assistance for Needy Families (TANF) program is generally credited with encouraging states to use strong measures to require able-bodied adults who apply for welfare to enter the workforce. The most important mechanism for promoting work was making the cash welfare benefit contingent on work or work preparation. This approach of making benefits contingent on work or preparation for work should be used in both the nation's major nutrition program and the nation's housing programs.

- **Strengthening Families**

The traditional American family of married parents and their children is in decline, leading to a transformation of traditional norms that may put children at risk. Public policy on promoting marriage and two-parent families, however, is controversial. Some feel that any attempt to change patterns of family formation is an unwelcome intrusion into a private domain. Isabel Sawhill is among those who believe that government should primarily focus on reducing births to young women who are not yet married and worry less about promoting marriage. Ron Haskins, by contrast, believes that the agenda to increase opportunity should include efforts to encourage and reward marriage.

Aiming for the center, a recommended approach to strengthening families would include direct efforts to change the culture through a social marketing campaign that encourages young people to follow a path that until recently was the American norm: finish high school, enter steady employment, and have children only after marriage and employment.

Specific recommendations to strengthen families include expanding Medicaid family planning coverage and continuing healthy marriage research initiatives.

*For more information:*

[Creating an Opportunity Society](http://www.brookings.edu/press/Books/2009/creatinganopportunitysociety.aspx), Ron Haskins and Isabel V. Sawhill, 2009  
[<http://www.brookings.edu/press/Books/2009/creatinganopportunitysociety.aspx>]

## **Global**

- **Reforming U.S. foreign assistance to better support development outcomes**

Fundamental improvements to make U.S. development support more effective require overarching strategy, rational structures and modern statutes as well as improvements at the agency level. Ultimately, a more coordinated and deliberate U.S. foreign aid

system must operate in a coherent way with a broader set of security, diplomacy, trade, agriculture, investment, and migration policies capable of catalyzing sustainable development outcomes. As President Obama has said, “aid alone is not development.”

The presidential policy directive on global development, the ongoing reforms within USAID, and the findings of the Quadrennial Diplomacy and Development Review, are driving the global development reform agenda within the Obama administration. But the extent to which development will be truly elevated depends in part on which aspects of the policy and review findings are emphasized through implementation. As Brookings experts Kharas, Kemal Derviş, and Noam Unger have noted:

Although many important issues are mentioned or even given prominence in the newly articulated thrust of official U.S. development efforts, the real test will involve a comparison of the policy, budget outlays, and management decisions in the coming years...

Congress should not defund USAID. Instead it should support reforms, including many capacity investments underway, to make U.S. foreign aid and development efforts more effective and efficient. Relatively small investments in the U.S. capacity to support development can lead to savings over the long-term since in addition to epitomizing American values, these efforts correspond to national economic and security interests.

*For more information:*

[“Aiding Development: Assistance Reform for the 21st Century,”](http://www.brookings.edu/reports/2011/02_aiding_development.aspx) Kemal Derviş, Homi Kharas, Noam Unger, February 2, 2011  
[[http://www.brookings.edu/reports/2011/02\\_aiding\\_development.aspx](http://www.brookings.edu/reports/2011/02_aiding_development.aspx)]

[“U.S. Government Support for Development Outcomes: Toward Systemic Reform.”](http://www.brookings.edu/~~/media/Files/rc/papers/2010/09_development_aid/09_development_aid_unger.pdf)  
Noam Unger, August, 2010  
[[http://www.brookings.edu/~~/media/Files/rc/papers/2010/09\\_development\\_aid/09\\_development\\_aid\\_unger.pdf](http://www.brookings.edu/~~/media/Files/rc/papers/2010/09_development_aid/09_development_aid_unger.pdf)]

- **Developing a new Global Development Partnership**

Fragmentation in aid architecture and aid delivery is a well-recognized challenge. As the number of donors has increased, the number of new aid projects has skyrocketed, but their average size has shrunk dramatically. The major aim of cooperative strategies is to forge consensus among donors and recipients on how aid is to be allocated and spent. Done correctly, as Kharas and Wolfgang Fengler explain in *Delivering Aid Differently*, aid coordination can yield benefits of tens of billions of dollars by preventing waste and achieving sustainable and fair development outcomes.

There is a chance for the United States to lead the world toward a new aid architecture



at this year's High level Forum on Aid Effectiveness in Busan, Korea. In July 2010, Brookings scholars teamed with the Korean International Cooperation Agency and the Japanese International Cooperation Agency to discuss the agenda for Busan. But to implement the recommendations would require the U.S. Congress to provide aid agencies with more flexibility to participate in an efficient division of labor through aid partnerships in aid recipient countries.

President Obama's development policy also pledges to strengthen multilateral capabilities. The share of U.S. assistance channeled through multilateral aid organizations has fallen to 11 percent, less than half its level a decade ago, even though U.S. development assistance has increased nearly 10 percent a year in real terms during this period. Congress is in a crucial position to determine whether the United States will provide strong leadership of the multilateral system.

*For more information:*

[Delivering Aid Differently: Lessons from the Field](http://www.brookings.edu/events/2010/1115_delivering_aid.aspx), Brookings Event, November 15, 2010  
[[http://www.brookings.edu/events/2010/1115\\_delivering\\_aid.aspx](http://www.brookings.edu/events/2010/1115_delivering_aid.aspx)]

[Catalyzing Development: A New Vision for Aid](http://www.brookings.edu/events/2010/0729_development_aid.aspx), Brookings Event, July 29, 2010  
[[http://www.brookings.edu/events/2010/0729\\_development\\_aid.aspx](http://www.brookings.edu/events/2010/0729_development_aid.aspx)]

["Set to Lead Again? New U.S. Engagement on Global Development,"](http://www.brookings.edu/opinions/2010/0928_global_development_kharas_unger.aspx) Homi Kharas and Noam Unger, September 28, 2010.  
[[http://www.brookings.edu/opinions/2010/0928\\_global\\_development\\_kharas\\_unger.aspx](http://www.brookings.edu/opinions/2010/0928_global_development_kharas_unger.aspx)]

- **Investing in education abroad to reap dividends at home**

Investing in a single year of education for children in developing countries boosts wages by 10 percent, increases the chance of healthier, smaller families, and is associated with a reduced risk of conflict. Investing in young people in developing countries—alongside our own domestic education investments—creates a more secure, sustainable, and healthy world with productive citizens. An educated global citizenry provides opportunities for livelihoods and economic participation, a larger consumer base for American goods and services, stronger and more stable democracies, and life options that make joining extremist groups less appealing.

Education is also at the core of two Millennium Development Goals: universal primary completion and gender equality at all levels of education. Although significant progress has been made toward meeting those goals by 2015, according to Rebecca Winthrop, director of the Center for Universal Education at Brookings, declaring education reform successful is an over-statement. True, primary school enrollment rates in developing regions have increased from 83 percent in 2000 to 89 percent in 2008 and over the last

10 years, the primary school enrollment gap between high-income and low-income countries has narrowed considerably.

Even so, Winthrop points out that the current pace of progress on enrollment will fall short by an estimated 56 million children who will still be out of primary school in 2015. Further, in many developing countries, children are spending time in school without acquiring fundamental literacy, numeracy and critical thinking skills that are the backbone of an education that enables citizens to lead healthier, safer, and more productive lives in the global economy. Quality gaps have emerged as a barrier to opportunity both between countries and within countries.

Learning in the first three years of primary school is essential for success in later years of schooling. Children who do not acquire a certain level of literacy skills by the end of first-grade fall increasingly behind their peers over time in the absence of any significant targeted intervention. Congress should support implementation of the new USAID education strategy that prioritizes improved reading skills for children in the early primary grades through its foreign affairs appropriations.

Education systems can exacerbate or mitigate conflict situations. Quality inclusive education systems where young people master basic literacy and citizenship skills can play an important role in conflict mitigation. Policies should maximize the peace building opportunities of education by including the role of education in the security and defense strategies.

To ensure that education policies achieve equality of opportunity and equity of outcomes for both girls and boys, gender approaches must be used, including the collection and analysis of gender-disaggregated data where available.

*For more information:*

[“Investing in Education at Home and Abroad Will Reap Big Returns for the U.S.,”](http://www.brookings.edu/opinions/2011/0127_education_winthrop.aspx) Justin Van Fleet, Rebecca Winthrop, January 27, 2011  
[[http://www.brookings.edu/opinions/2011/0127\\_education\\_winthrop.aspx](http://www.brookings.edu/opinions/2011/0127_education_winthrop.aspx)]

[“Where is the Learning? Measuring Schooling Efforts in Developing Countries,”](http://www.brookings.edu/papers/2010/11_education_development_vandergaag.aspx) Jacques van der Gaag, Anda Adams, November 2010  
[[http://www.brookings.edu/papers/2010/11\\_education\\_development\\_vandergaag.aspx](http://www.brookings.edu/papers/2010/11_education_development_vandergaag.aspx)]

[“Beyond Madrasas: Assessing the Links Between Education and Militancy in Pakistan,”](http://www.brookings.edu/papers/2010/06_pakistan_education_winthrop.aspx) Rebecca Winthrop, Corinne Graff, June 2010  
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