

THE BROOKINGS INSTITUTION

FALK AUDITORIUM

ECONOMIC MOBILITY AND RACIAL INEQUITIES:  
HOW THE NEXT PRESIDENT CAN REVIVE THE AMERICAN DREAM

THE SECOND IN A SERIES OF LIVE PODCAST TAPINGS  
SHOWCASING BROOKINGS EXPERTS' BEST IDEAS  
FOR THE NEXT PRESIDENT

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## P R O C E E D I N G S

MS. LAKSHMANAN: (in progress) -- issues facing the next President on the domestic front. I'm Indira Lakshmanan, Washington columnist for the Boston Globe, and I'm delighted to be hosting the second in a series of live tapings for the Brookings Podcast Network, featuring big ideas from Brookings experts on how the next President should tackle the world's hardest problems. The event is part of an institution-wide project, Election 2016 and America's Future, to help voters and policymakers understand the biggest issues driving voters in the selection and likely to occupy the next President for the next four years.

For today's program we are delving into issues at the very core of the race for the White House: economic inequality, race, and social mobility, and the big question that ties them all together, which is how can the next President revive the American dream for everyone? There's no shortage of academic studies and anecdotal examples illustrating the difficulty that many Americans and, in particular, African Americans have in trying to move out of poverty and up the economic ladder.

Research by the experts we're talking with today shows that Americans born into the bottom fifth of the income distribution have only a 10 percent chance of climbing to the top. The poorest black Americans had even bleaker prospects. Their chance of rising to the top is just 3 percent. And yet, in this election cycle some of the loudest voices decrying the decline in America, who see themselves as the victims, are working-class and less-educated whites, who feel their prospects have suffered, too, even as America's GDP has grown.

The perception of dwindling opportunity in America fueled the populace candidacies and Bernie Sanders and Donald Trump on opposite ends of the political spectrum and will, undoubtedly, influence our politics in the coming years and decades.

Meanwhile, tension over police killings of unarmed blacks has fueled anger over the unfinished business of racial discrimination in America, despite eight years of leadership by an African-American President.

So the question before us is, is the American dream still achievable for all Americans? What steps could the next President take to ensure opportunities for all and to mend the underlying factors that perpetuate inequity and feed racial divisions? We're going to explore those questions and more today.

I'm thrilled to be on stage with three of Brookings' top experts on the subject. Isabel Sawhill is a senior fellow, who specializes in poverty and policies that can help Americans climb the elusive ladder. Her new policy brief for the Election 2016 series offers concrete recommendations for how to reduce poverty and increase opportunity in the U.S.

Richard Reeves is a Brookings senior fellow and an expert on social mobility, inequality, and changing family structures. He was director of strategy for a former UK deputy prime minister, so he's worked on these questions before in government. And as of today, he is a newly minted American citizen, so we can congratulate him all on that. (Applause)

MR. REEVES: That's my first step to reviving the American dream, becoming American. (Laughter)

MS. LAKSHMANAN: Absolutely. And you'll be able to talk about it with even more authority. His brief looks at economic mobility through the lens of racial injustice.

And Dayna Bowen Matthew, who co-authored the policy brief with Richard, is a visiting fellow in the Center for Health Policy. And her research focuses on poverty and public health law.

Before we dive in I want to thank everyone who submitted questions to our panelists before the event. We're going to try to address as many of these as we can. And I'd also like to welcome the several hundred people who are joining us via live webcast right now. You can all Tweet this event using the hashtag #AmericanDream and tagging @BrookingsInst, or any of our speakers for that matter.

So let's get started with the conversation. We're going to tackle it in three segments. First, we're going to ask how can the next President help more Americans move out of poverty? It's no secret, of course, that income inequality in the U.S. is widening, which in turn is making it harder to climb an ever-lengthening and narrowing economic ladder.

I want to turn first to Belle Sawhill to talk about some concrete actions the next President can take to increase opportunity in America. Belle, you've said before that when the rungs of the income ladder get too far apart, it's harder to climb. So give us an overview of your work and what you think the next President can do to make that ladder easier to climb.

MS. SAWHILL: Thank you, Indira. I'm very happy to be part of this session. And let me say that when I think about climbing the ladder, I think in terms of three barriers to climbing the ladder. The first is education, the second is work, and the third is family stability. So let's take each of those. It's a big agenda because I think we really do need to address all of them.

On the education front, we've been making progress. We saw data just recently that high school graduation rates are going up. We have looked at a whole range of programs here at Brookings that could help people help kids from less advantaged families climb the ladder. It's everything from home visiting or parenting programs to high-quality pre-K, to better teachers and a new curriculum in the elementary

schools, to some fundamental reforms of high schools in America. I particularly point to New York City, where they've done a great job and had some wonderful success.

So all of these programs I'm talking about have been tried somewhere, someplace, but not necessarily at scale. And we have evidence that they're effective. And our research suggests if we were to invest in all of them and take all of them to a wider group of children, we could close a very large proportion of the opportunity gap between low-income children and higher-income children. And we could close some of the racial gap, which we'll get to, as well, but I'm going to leave that to my colleagues.

Work. Work is the most important set of the barriers here. And you mentioned this very contentious election and I think one of the reasons, as you noted, that Sanders and Trump have been so popular is because they are speaking to that group of mainly less educated, mainly white, working class, and they're overwhelmingly guys, not gals, who feel like they've been left out. They've been left out because of trade and technology and because our education and training system has not kept pace with what employers are really seeking these days. So we really have to address that in a lot of ways.

I think that nothing could be more important than maintaining full employment. When the recent Census data came out it showed that now that the unemployment rate is down to a reasonable level, people at the bottom are beginning to see their incomes rise. And so this is something we have to keep an eye on. And so I would say to the new President we've got to maintain a tight labor market.

There's always going to be some people who are going to get left out, though, you know, because of trade or technology or having the wrong skills. And for them, I think we need some new initiatives, and I'm pressing for something a little bolder and a little newer in that area. It may be some actual job creation by the federal

government: subsidized jobs in the private sector, lots more retraining and funds for it, apprenticeships, all that sort of thing.

Finally, let me turn to the family. I really think I would say to a new President please encourage and empower young adults to only have children when they are in a stable relationship themselves, committed to each other, want to be and are committed to being parents. And the reason I think that's so important is because right now families are really fragmenting in America. It's not good for kids, and we know what to do about this.

Most of the births to young adults under the age of 30 are now outside of marriage. Furthermore, they are overwhelmingly unplanned, meaning they're not wanted and not intended at this time by their parents. We know what to do about that. It's called more effective forms of long-acting contraception. The states and communities that have tried this -- Colorado as an example -- have had enormous success on that front. And it has long-term implications for those young adults themselves and for their children.

So I'll leave it there.

MS. LAKSHMANAN: Okay. Well, Belle, you know, you lay out some of these proposals. One thing you haven't given us is sort of the research that you say underpins that is about the so-called success sequence. Just give us a very quick overview of what you mean by the "success sequence."

MS. SAWHILL: Sure. What our research shows is if you graduated from high school and you -- at least and, hopefully you do more than that, but at least graduate from high school; secondly, if you work full time in today's economy at whatever wages and whatever job you can get; and finally, if you form a stable relationship with another adult before you have children, the poverty rate drops from about 14 percent to about 2 percent. So that's a staggeringly good story. Of course, the challenge is how do we help

people finish high school and, hopefully, go on to college and how do we make sure they have a full-time job and how do we encourage them to not have children before they and their partner really want them?

MS. LAKSHMANAN: You know, that's an excellent question. And I think it's also, you know, a leftover question for us is that what if people do all of those things and yet due to automation, you know, you mentioned not having the skills that today's employers want. I mean, that's an entire other conversation we could have, but people have blamed it in this election on globalization and on trade when what we know from the research is that it's really much more related to automation.

But if they do those things and even so they're left out, then the policies you're talking about are about things that can try to funnel people into that success sequence and still support them?

MS. SAWHILL: Right, and I think that the way to handle this in the medium to long term is to educate people better and retrain them, and I don't mean just getting everybody through high school. I mean we need more technical, vocational, career-oriented training in this country.

But I think in the short term we can't just leave it at that because this transition is going on. Automation is happening.

Manufacturing, by the way, is still strong in the United States. The problem is not that we have low output. It's that we don't need as many people as we used to, to produce what we need. And so in the shorter term is why I'm thinking we do need some new kinds of jobs programs for people who've been left behind.

Now, that's going to get very complicated and we could go into that, but I'm thinking a lot about that now. I'm even thinking about a new social insurance program which would create a fund out of which people could draw some resources to get

themselves retrained, relocated, maybe start a small business in order to deal with this transition we're going through economically.

MS. LAKSHMANAN: All right. Richard, you have thought about all of these issues of social mobility, economic mobility, and you've actually worked in government. Given that, what do you think of Belle's proposal? And would you consider it to be practical, something that could actually get done, particularly in a polarized country like ours, where you have a very divided government and deep ideological lines over how to address poverty?

MR. REEVES: So that's the big question. That's the biggest question of all.

I think that the spirit of Belle's proposals, though, takes us into a space where you'd hope people would be able to work together. And so I think in a spirit of welfare reform, the Spirit of '96 is going to be required again. That doesn't mean the specifics will be the same. I don't think, you know, Belle is setting out a new agenda. But I think if you can imagine a world in which we're going to continue to expect and reward work, but, at the same time, we're going to recognize the labor market is not as it was in the late 1990s, and so we're going to have to do more in order to create work. So that will mean subsidized jobs, it will mean actually being more active in the labor market than was necessary in the previous era of welfare reform. I can imagine there would be quite a few Republicans who would sign up to that agenda: pro work, but recognizing the realities of the labor market.

And as far as family is concerned, I should think there's a huge amount of agreement that family stability matters. I think very few people would disagree with that. The question then is what causes that instability?

And I think Belle's hit on two very important causes of instability. One is



job insecurity and actually not having a steady wage. That in and of itself has an impact on the family. And I see more and more voices on the right recognizing the connection between family instability and economic insecurity, so I think you can make some progress there.

And then I think the point about unintended pregnancies and allowing more families to choose the timing of their births and to make sure they're kind of spacing their children and so on, that should be an area where we could find consensus. I'm not saying that it's always easy politically to do so, but you'd hope that people of all political stripes would agree that it is better, other things equal, for people to be able to have their kids when they're ready for them and, therefore, have access to the kinds of contraception and family planning that Belle talks about, which allows them to do that. That's very empowering. And that in and of itself would have a potentially huge impact on the chances of the kids born into those families of being upwardly mobile and, indeed, of the life changes of their mothers and fathers going forward, too.

So I think you could see the contours of some interesting agreements there. They're all, to me, offered in the spirit of could a new President take this even to a divided government or to a Republican-dominated Congress if it's a Democrat President and vice versa and say, okay, let's talk. It feels to me as if there's at least an opening there.

So certainly policy practical and I would say at least realistic about our political environment.

MS. LAKSHMANAN: All right. Dayna, you focus on health care, of course, but I want to know from your perspective, you've read Belle's paper, what comments do you have to add that you think would make it more practical or more applicable to the actual political situation:

MS. MATTHEW: Well, what I appreciate most about what Belle is doing is that in my world we talk about social determinants of health. Social determinants are those causes of the causes, if you will, and every one of the issues that Belle is raising are social determinants of health. That's where the action is actually in terms of moving the needle on health disparities and health inequality.

If we touch education, we touch work. If we touch work, we touch housing. If we touch housing, we touch food security and we touch family stability. Those are the things much more than health care itself that are going to make a difference. And so I consider them not only practical, but essential from a health perspective, from a public health perspective.

MS. LAKSHMANAN: Okay. Belle, we have a question from an audience member, Rosemary Sari, who wants to know what policy changes would reduce poverty for single-parent families, particularly those of color?

MS. SAWHILL: That's a great question. And I think I want to really clarify that we should take care of the families we already have and that there are many single parents out there, especially single parents of color, who are struggling with an impossible task of simultaneously raising kids and earning a living. So my agenda's more sort of forward-looking. Let's make sure that we have better, more secure families in the future.

For now, I think there is a whole agenda of safety net programs, help with jobs and housing, et cetera, that we do need to have in place. I notice that Secretary Clinton is now proposing a tax credit that would be as much as \$2,000 a year for families with very young children. This is going to really help them make ends meet. So programs like that can be very important for helping some families who are struggling make it before these longer-term reforms are in place.

MS. LAKSHMANAN: I don't want to get too technical, but you talk in your paper about increasing the minimum wage and the Earned Income Tax Credit. And, you know, you also talk about -- I thought this was fascinating -- how specifically these reforms -- and you talk about how increasing the minimum wage to \$10.10 would reduce poverty by 7 percentage points, which is kind of stunning if that were actually possible, at virtually no cost to the government because a higher minimum wage reduces reliance on public programs and, of course, because it's mainly borne in that respect by the private sector. But, of course, the public sector would have to adopt those, as well.

And then you also talk about an Earned Income Tax Credit bonus to those who work full time. Briefly tell us a little bit about this.

And then, Richard, maybe you can jump in because the UK has done this with some success.

MS. SAWHILL: The increase in the minimum wage is something that's way overdue. Now, some states and localities are beginning to raise their minimum as high as \$15 an hour, as we all know. And I'm not sure that the federal government is ready to go quite that high, but I think you're going to see a movement in that direction over the next five years or so.

What people often don't realize is something that you mentioned here and that our research has shown, which is if you raise the minimum wage, then people are going to have higher incomes. That means they're going to be less dependent on government safety net programs. And so our analysis show that you could save almost \$10 billion if you raised the minimum wage just to, you know, a little over \$10 an hour, much less if you raised it to, say, 12 or something higher, like 15.

MS. LAKSHMANAN: That feels like something bipartisan. Everybody wants to save the government money.

MS. SAWHILL: That feels like something bipartisan. And, you know, if you're a Republican, you should like that because it means fewer people who are dependent on these government programs.

I mean, we see that at Walmart. Walmart has decided to raise their wages. What happens when Walmart raises their wages, either because there's a higher minimum or because they just want to be viewed as a better employer than they have been in the past? The dependence of their employees on these government programs, like food stamps and the Earned Income Tax Credit and others, is reduced.

The Earned Income Tax Credit is one of those, you know, wonky programs that not everybody's heard of. It is one of the most, in fact the most, important anti-poverty program that we have in our arsenal right now. It provides a supplement to the incomes of people who work. So as Richard just said, it's very good for bringing together people who think that we do need to be a work-oriented society, but people who are also concerned about the fact that wages are not high enough to support a family in many cases. And I would expand that, as well.

And if you did both together, raised the minimum wage and expanded the Earned Income Tax Credit, including some people who don't get very much at all right now, which means childless adults, you could have a big impact on poverty and mobility.

MS. LAKSHMANAN: Any brief thoughts, Richard, on whether this applies from the UK understanding and example?

MR. REEVES: So I guess my only addition would be how the politics of the minimum wage can change. They've shifted dramatically in the UK, so that it was a left policy opposed by the Conservatives. It's now proposed by the Conservatives and they've actually raised it more aggressively than the Labor Party did in power. And the Conservatives are now pushing very hard for a higher minimum wage for precisely the

reasons that Belle just set out, it's pro work, it should save the exchequer money.

I think that in the U.S., historically, the story has been, look, we don't have such a high minimum wage. We have a looser labor market, but look at our employment rates. Look at how low our structural unemployment is. So, yeah, sure, there's a tradeoff here. And I remember the days when we'd look enviously across the Atlantic at your labor market, at the U.S. labor market, and say, well, okay, so it's not so secure, but look, very little long-term unemployment.

Now you look at the labor market here and you're saying, well, it doesn't look so great anymore. And so the tradeoff looks different and I suspect that that will mean that the politics of this might change, as well, because the U.S. labor force participation numbers and structural unemployment numbers no longer look so great. And so if they're not so great and you've still got a pretty low minimum wage and not a great safety net, then the politics start to shift quite significantly.

So I can imagine a world in which the minimum wage and a higher minimum wage becomes a bipartisan issue over the new few years.

MS. LAKSHMANAN: All right. Dayna, I want to move on to health care. You know, this has obviously been very much in the news with Obamacare becoming a hot-button issue not only in the campaign, but especially as a sort of cudgel that the Republican Party has used to, you know, beat the drum, saying that that needs to be repealed, they want to undo it. I want to ask you how can the next President improve both access to affordable health care and health outcomes, particularly for African Americans?

For Americans at the bottom of the economic ladder, particularly minorities, finding affordable health care is really an acute crisis that can affect every aspect of life and affect their ability to work, eat, go to school, go to work, meet other

basic needs. Obamacare has increased access to insurance, but for most Americans, including the majority who have insurance through their employers, premiums still remain high.

So, Dayna, you have argued that for African Americans the challenge is not simply access to health care, but a shot of social and economic inequalities that lead to worse outcomes. So tell us a bit about your concrete solutions that you're proposing for the next President to improve health outcomes for poor Americans, particularly African Americans.

MS. MATTHEW: Sure. Thank you for the question. I wanted to start by saying that one needn't be the Republican or a Democrat to know that the Affordable Care Act, whatever successes that it's had -- and I think they're considerable -- needs repair. So there are things to fix in it and one of the things to fix is the recognition that access alone does not solve the health disparities problem, and that's the point of our paper.

Access has been most beneficial to minority populations. African Americans and Latino Americans have reduced their uninsurance rate by over 50 percent; wildly successful. Women are the other incredibly huge beneficiaries in terms of reducing uninsurance rates under the Affordable Care Act. Yet access does not change the fact that if one has access to poor quality care, that poor quality care will continue to visit upon your inferior health outcomes.

One of the things that's particularly poor in terms of quality is discrimination that occurs in the health care setting. That's number one.

Number two, another thing that's very poor quality is that the health care setting right now takes little account for the social determinants of health that we've just talked about. It does not take account for the fact that you can give a kid who has

asthma albuterol, but if you send them back to a moldy, pest-infested apartment, they're not going to get any better just because you've handled that 10 percent of their medical problem. The social determinants are extremely important and we need to improve the conversation around that.

The social determinants necessarily lead us to the things that Richard and Belle are talking about, housing. But the third thing about house is that if we correct a social determinant in the housing sector, we correct a lot of neighborhood disparities. And those disparities also have a huge impact on the health of minority populations: black, brown, and other.

Particularly in my paper, I would like to highlight law enforcement, criminal law enforcement, changes at the neighborhood level if you address housing segregation. And, therefore, it will improve health outcomes.

So look at those three causes, if you will, at the disparities that the Affordable Care Act simply does not get to, we propose in our paper three concrete solutions. And the focus here is on what the President can do day one. I'm going to use the pronoun "she" just because you have to pick one. (Laughter) And so when she gets into office, the thing that she can do on day one does not require her to stand up a new agency or to spend a whole lot of money, but to make use of the tools that are already present to address health disparities.

Number one, there is already an agency, Health and Human Services, that addresses individual health. There is already a second agency, the EPA, that addresses public health. Both of those have to have leaders that are committed to health disparities and racial inequity in particular. If the leadership is not committed, we've seen over the course of time that the enforcement of the laws that are already on the books will not focus on racial disparity.

We have seen, for example, in the case of the EPA, absolutely lackluster enforcement with respect to Title VI. Great enforcement of other laws, but not Title VI. And so the priority has to be from the day that the President steps in office to instill or install leadership at the EPA and the Health and Human Services that is particularly committed and is demonstrably capable of addressing health disparities.

Secondly, we have to have the race conversation with respect to discrimination in health care and the social determinants of health. Now, this is a very difficult conversation because we've demonized the question of racial discrimination thinking that because we've passed into an era where most Americans are not explicitly racists, are not bigots, are not overtly prejudiced, we're out of the woods. Well, we absolutely are not because race discrimination in health care, race discrimination with respect to the social determinants of health has morphed. It has morphed into a form that primarily expresses itself in terms of unconscious bias, in terms of implicit racism. These are the kinds of biases that lead to the discrimination that produces health disparity that we're not talking about.

So that's why you can see that we've had some progress with respect to narrowing the gaps between blacks and whites, between Latinos and whites in health outcomes, but you still see that we haven't made the progress on the issues that are particular to discrimination. We have to have the conversation about unconscious bias, and the tool there is Section 1557. So the second recommendation is that we vigorously use the disparate impact protections under Section 1557 of the ACA.

Our third recommendation has to do with Executive Order 12898. That is an incredibly powerful, incredibly promising Executive Order that President Clinton that we've just never fully implemented. So really seeing a full implementation of that Executive Order so that Title VI is vigorously enforced at the EPA level to protect public



health populations that are exposed to pollutants and other hazards, seeing Section 1557 already on the books vigorously enforced at Health and Human Services, and seeing the leadership committed to doing exactly that, those are the three things we think the President can do as soon as she gets into office.

MS. LAKSHMANAN: All right. Well, one of the things that your paper really illustrates is how interconnected all of these disadvantages can be and how, you know, we talk about intersections, but how all of these disadvantages pile up on people who are poor and make it all the harder to get out of poverty. And, you know, my reaction to this as an ordinary person is it's hard to know which problem to target first.

And so I'm curious, you know, does your research -- Belle, I want you to, you know, ask Dayna about this -- does your research suggest where the next President should focus his or her efforts first? And where does health care fall on that priority list?

MS. SAWHILL: You know, one of the things I think is so important about what Dayna is saying, she uses the phrase, which is common now in the field, of "social determinants of health." But what I really want to underscore here for those who don't follow these phrases is that what she's saying is that health care is important, of course, and access to health care and particularly non-discriminatory access to health care is very important, but that if we only fix the health care system and didn't do anything about these social problems -- you know, distressed neighborhoods, poor housing, lack of food security, lack of income, you know, the list goes on, lack of education -- we wouldn't solve the problem.

And I think most health experts have shown that time and time again. And yet, what are we spending most of our money on in the federal budget and at the state level, as well? We're spending it on health care.

Now, none of us wants to say if you're sick, we should not provide you

with health care. And I think the Affordable Care Act has really made a difference. I think that if we could get more states to adopt the Medicaid expansion that was part of ACA, it would help a lot, especially for lower income and minority individuals. But the social determinants are critical.

Richard and I -- and I hope, Dayna, we can get you involved in this -- have been working with the state of Colorado, where they have a philosophy that the social determinants of health are everything and matter hugely. And, therefore, they are working, even in their Health Care Department, on helping families have access to more social services and effective programs. So that's what I really like about what she's talking about.

On the gaps by race, I mean, they are very serious. I think that we need to think in terms of an interaction between closing those gaps in whatever way we can, the gaps by race, and thinking about the fact that this will help to reduce that implicit bias that you talked about. Because I think what's been happening, I hate to say this, but I want to be candid about it, is that a lot of white Americans look at the gaps and they say something's wrong here, and they don't attribute it all to discrimination.

So if we could be successful with the social determinants agenda and we can close the gaps, then I think some of the implicit bias that you're talking about will begin to at least retreat a little bit. That doesn't mean we shouldn't confront it head on, as you've suggested. I just want to point out some interaction between the two here.

MR. REEVES: Can I just tip in a bit there? I know Dayna will want to answer, too. But I think we need to think about poverty and inequality multidimensionally. And actually I've done some work with Elizabeth Kneebone, a colleague here, on multidimensional poverty. So you just look at it from all these different perspectives. Because you can talk about the social determinants of health, but as someone who

works on social mobility, it turns out a lot of health issues have an impact on social mobility, so you can talk about the health determinants of social mobility. And so the causes of the causes, it works in all directions.

What's interesting is you add a lens to that, the more dimensions you add, the bigger the race gap gets. So most Hispanic and black Americans have at least two dimensions of disadvantage. They're twice as likely to have two, three times as likely to have three. And so your point about piling one on top of the other, the more you pile them up, the bigger the race gaps get.

So if you look at race gaps just on one dimension, they look bad. But if you put them all together, they look really, really, really bad. And what we're seeing there is the clustering effect, the clustering of disadvantages, social and economic and health-related and geographical. We'll move to a residential segregation at some point, but you can see these disadvantages are clustered in space, as well. And that's where the race gap really, really kind of emerges very strongly, I think.

MS. MATTHEW: Yeah, and, Richard, I would say that there's another sort of dimension or layer to the race gap problem that you're describing, and that is we usually think of education, we usually think of increasing income as a mechanism to shrink those gaps. But what we're seeing with respect to, say, life expectancy, right, infant mortality is another great example, the gap widens actually when, taking infant mortality, black mothers and white mothers get to be affluent and get to be educated. The gap widens in terms of the infant mortality rate, so you'll see twice the number of African-American babies dying as white babies will die at the high school or eighth grade level.

When you get to 16 years or more of education, that number widens so that an affluent, middle-class, African-American mother with a college education has a

higher infant mortality rate than a person who is white under the poverty level and doesn't have a high school education.

MS. LAKSHMANAN: Why?

MS. MATTHEW: Well, because of race, right? So this is the way that the conversation has to proceed. In a way I want to hold -- speaking to white America now -- I want to hold your feet to the fire, but I also want to let you off the hook, right? Because the unconscious bias that is infecting and affecting these gaps, that is continuing the sort of stubborn persistence of health disparities, that unconscious bias is ubiquitous. It's not bad. You're not a bigot, you're not a bad person. It's not old-fashioned racism, right?

It is a new form that we have to get comfortable addressing at an institutional, as well as an individual level. And in order to get comfortable with it, we have to not only talk about it, but not talk about it in terms that are blameworthy and demonizing. We have to talk about race discrimination that arises out of unconscious bias that we all have.

MR. REEVES: I think one of the problems here for scholars and for policymakers is that because there's such a strong correlation between economic status and race in the U.S. right now, that actually teasing out the different effects of the two is difficult as a scholar and then it creates political difficulties, as well.

But just from the work that I do, it's quite clear that the issues that are faced specifically by black Americans reach quite a long way up the income scale. And so we'll see, for example, that kids who are black and born poor are much less likely to be upwardly mobile. And, in fact, the figures you quoted at the beginning, if you're born in the bottom 20 percent and you're black, you have a 50 percent chance of being stuck there. You're twice as likely to be stuck in poverty than if you're white.

But almost as striking to me is the fact that if you're born into the middle-income quintile, so you're born into a middle-income black family, you're twice as likely to be downwardly mobile as a white child born into that kind of family. We also know that black families with six-figure incomes, with incomes of more than \$100,000 a year, those families are four times more likely to live in a high-poverty area, in a poor area, as white families with six-figure incomes, and only half as likely to live in an affluent area.

So this is not to say for a moment that there isn't a huge -- a huge -- overlap here between the economic and the race issues, but the more I look at the research and work with colleagues like Dayna, the clearer it becomes that actually that race as race is having various effects through the kinds of social determinants, through residential segregation, through unconscious bias, too.

So whist we can go so far in saying, look, this is a poverty issue as much as a race issue, but only so far because it turns out that it really is a race issue, as well. And I would say in many areas, specifically and explicitly for black Americans it's an issue.

MS. LAKSHMANAN: All right. Well, we want to move on to other things, too, but, Dayna, you have me sort of stuck on this notion that highly educated, higher-income, black women have a higher infant mortality rate than poor white women. You have to give me 30 seconds on that to explain that. And also, just, you know, do you have a policy recommendation for that?

MS. MATTHEW: So the numbers belie the fact that that's true, right? That's true not -- I use infant mortality, but there are a number of other examples if we did life expectancy, if we did access to access care, if we did access to care of all kinds. So the 30-second answer is that we use a tool to address unconscious bias and unintentional racism by law. Right?

So right now, our law is basically a dead letter with exception of Section 1557, which I want to give a real compliment to HHS for reviving the disparate impact cause of action. But that now has to be aggressively used. If we aggressively use it, then we can look at the ways that infant mortality is affected because of race; not because of poverty, not because of education, not because of all kinds of other solutions, but because of race discrimination.

MS. LAKSHMANAN: All right. We have a great question from an audience member, Benjamin Sellers, who is asking a question that is not on health care, but is on the broader struggle of having multiple ticks against oneself. You talk about disadvantages piling up and he's asking about the broader struggle of minorities and women.

He says, "Most Americans say they think that race relations have gotten worse during President Obama's administration. What can be expected of gender relations during the upcoming administration if Hillary Clinton is elected?" And he wants to know whether a woman President sitting in the Oval Office is going to expose similar tensions, lead to a backlash against women's equality, misogyny, and specifically how is this going to affect black women in the U.S.?

Dayna, start us off.

MS. MATTHEW: It's a good thing I'm a visiting scholar because I'm going to have to go there. (Laughter) Race relations have not gotten worse. It's just that now white people know about race relations and that's why they think they've gotten worse. The number of police killings, the number of -- let me just tell you a story. This is a small story just to tell you even more to answer this question.

So I have a son, he's 25 years old. He's about 6'4", 6'3", 200 pounds, and he writes me -- he's a law student in California at Berkeley -- and he writes me a note

and he says, Ma, look at this bulletin that the police just put out here on Berkeley's campus. Dangerous suspect, black, average build, average height, average weight, armed and dangerous. (Laughter) And I said, Son, don't go out. Go get pizza instead. Let me order you pizza.

Now, this is sort of funny, but it's so not funny because what it means is, to answer the question of why the gaps are about race, what it means is that he and I and our family have lived with the stress of the potential exposure to racial discrimination impacting our health, impacting our physiological ability to fight disease, and you compound that day-in and day-out. And the fact is that what we in black and brown communities have been living with has not changed. And to blame the black President for it is ludicrous. To blame the woman President for the fact that there's misogyny that no one else has been talking about or looking at, but women have been living day-in and day-out is also ridiculous.

So I hope you invite me back, but that's my answer. (Laughter and applause)

MS. LAKSHMANAN: All right. I wish we could spend a whole hour talking about what I expect to be a lot more misogyny that will come to the surface, as you say, pre-existing, that will come to the surface if Hillary Clinton is elected.

All right. Data on racial makeup of U.S. neighborhoods shows that there are gaps between black and white and brown Americans that are not just economic, they're physical. American cities and neighborhoods remain deeply segregated by race and that segregation has huge impacts specifically on black Americans' health, education, wealth, employment, and more. Of course, Latino Americans, as well.

But Richard, your recent policy brief with Dayna focused on residential segregation, specifically with respect to African Americans, and how the next President

can tackle inequities. So tell us briefly what you would suggest the next President should do, again, on day one in this field.

MR. REEVES: Sure. I am just going to chip in a bit on the previous question, as well, if that's okay.

So as you mentioned in the beginning, yesterday I became a U.S. citizen and there were 68 people taking the Oath of Allegiance from 35 different countries. For many of the people there, clearly the journey had been a longer one and it was an even more meaningful moment for many of them than it was for me. You could tell that by the emotion that was being expressed. And there's a video message and a letter from the President, and as you'd expect it's an unbelievably moving and eloquent message from the President. And I think particularly for the new citizens of color, who were the majority, I think that the very fact that you could have a black President welcoming them to, as he put it, welcome to the American family is what he said at the end, is an inspiring and important moment.

But I do think that there's something to the idea that if what's happened recently is to reveal race inequalities, I do think there's something to the fact that much of the progress that we might have hoped for, particularly for black Americans, has stalled in many important areas, I would say from around the turn of the century. If you look at wealth gap, household income gap, unemployment gap, and that's without mentioning some of the criminal justice gaps and health gaps we've mentioned, things really haven't gotten better in the way that you would have expected them to.

And so I think that the hope that time would heal, that we'd become a more tolerant nation, that over time these forms of segregation would reduce and that the gap would narrow just as a result of economic growth and growing tolerance, but it looks, particularly for black Americans -- and we've mentioned a number of the figures already



-- that that assumption that we just give it time I think now really has to be challenged. It's a very stubborn problem and it has to be tackled intentionally and deliberately and one day on by the new President, whoever she is. (Laughter) I'm just using "she" as a pronoun now.

And then I'd just echo some of what Dayna said already. In our joint paper we've set ourselves the challenge of what can the President do on day one without needing new money or new legislation actually? Leadership, I would echo that again.

And a tribute to Pete Rodrig, our research assistant, who's done work on Romney and says we should bring back Romney. That would be George Romney, who was head secretary under Nixon and actually used the tools that HUD already has quite aggressively to hold communities' feet to the fire. Since '72, when Romney was shuffled out of office for being so controversial, I think HUD's only twice actually withheld funds from segregated communities.

It's a difficult balancing act, but the tools are there in the law. They're there in the Fair Housing Act. The question is, how much political capital do you want to spend using them? I'm not saying it's easy.

And then specifically and to be quite crunchy there's a couple of things which I would really hope the new President would do. One is to move forward with small area fair market rents. Right now rents for housing vouchers are set on the basis of the whole metro area cost of housing. The problem with that is there's huge variation across the metro area, which means that it's actually quite hard for people to move into the more expensive parts of town. Do it by ZIP Code. HUD's already moving in that direction. I think you should definitely do that.

And alongside that you could provide mobility services. So pilots in Baltimore and Dallas have shown that actually if you just help people to travel to different

areas, give them some advice, people will move further and that will help to overcome some of these problems.

Right now, black U.S. residents in cities are three times as segregated as black British citizens, so in the country where I come from to where I've come to. So while it is true that residential segregation by race has come down a little bit in the last two decades, it's still extraordinarily high by international standards.

And I think very often actually Americans don't realize that because they see it going down. Well, of course it's going to go down. It's still incredibly high to the extent that on a Census tract basis, we'd have either 50 percent of the black Americans or 50 percent of the white Americans in our cities have to move in order to have fully integrated communities. That's the sort of level of segregation we're talking about. And whilst it's going down, it's going down awful slow and right now we remain deeply segregated. And that physical segregation leads to educational segregation, it leads to wealth segregation, it leads to health segregation, it leads to different zoning decisions. And so back to where we started, piling on top of each other in space and by place as much as in dollars and in other ways.

MS. LAKSHMANAN: Well, Dayna and Richard, you worked on this paper together. Do you worry at all that health care and housing could actually compete for the next President's attention? And is it possible to make progress on both of those or, again, will the President have to set a list of priorities and some stuff is going to have to take a backseat no matter how important it is?

MS. MATTHEW: So I echo Richard's sort of reciprocal relationship between health and housing. And I even I guess want to ask my colleagues a question about whether they see either housing or education as a bigger driver and a contributor to -- as a determinant of health.

The fact is I think when we talk about fixing housing, what we change is the relationship that's well documented in the literature between residential segregation and poor health outcomes for exactly the reasons that Richard is talking about. The relationship is due to the fact that once you relegate a group of people to a residentially segregated neighborhood, you also relegate them to a neighborhood that is more likely exposed to environmental toxins, which is a public health hazard. You also relegate them to a neighborhood that is more likely to have a liquor store and a convenience store than access to healthy food, which is a public health risk.

So I'm interested to know from my colleagues a little bit more about which of those drivers -- education, family stability, housing -- has a greater impact on health outcomes so that we can work on them together.

MS. LAKSHMANAN: Belle?

MS. SAWHILL: That's a really tough question. I guess if I had to choose right now it would be education, but as both Dayna and Richard are pointing out, the kind of education you get depends upon your neighborhood. And so that does go back to the fact that we have this high level of segregation and that the schools in some of our poorer and more racially concentrated areas are not as good.

I mean, let's just take the question of teachers. In the U.S. system the way it works is that if you are a new teacher, relatively inexperienced, you get assigned to one of the schools in one of these more low-income neighborhoods. And we should really be putting our very best teachers in those schools.

You know, we like to think in America that education is a vehicle for upward mobility, that education is the way we create opportunity for everyone to rise up. But if education turns out to be instead, which I think it is, actually -- I hate to say this again -- a vehicle for embedding existing inequalities, then education isn't playing the

opportunity enhancing role that we would all like it to be. So this is another one of those intersections where you can't sort of just solve one problem at a time.

But I will now say something that may be somewhat controversial and let Dayna and Richard respond or anyone else. And that is I do think we need more choice in education. I mean, we have a neighborhood-based education system, largely locally financed education system in the U.S. Imagine that the families who are living in these neighborhoods that don't have very good schools had the choice to go to a school somewhere else or to send their kids there.

There's an argument that that's going to leave those schools bereft of better students, and I understand that. On the other hand, I really think that in our society we have to have avenues of upward mobility, and this would be one of them.

MR. REEVES: I think certainly on education most of us could agree that the status quo isn't working. And so if there are reforms, whether they're choice-based or otherwise, to just try and move us to a better place, we should agree to that.

I have another paper coming out with Russ Whitehurst on school segregation and how schools are segregated. But the main reason why schools are segregated is because neighborhoods are segregated and neighborhood allocation is used for most schools. But I think that here is what we see is if you have very segregated communities, that has all these other effects for education and health and access to labor markets and so on.

But if you add to that what kind of Dayna talks about, an unconscious bias, I actually think that has -- it's very difficult to determine this factor. But I'm reasonably sure that when you see certain crises, like water in Flint or like the Normandy School District, the focus on Missouri, which was seen by the state to be failing every single year for 14 years in succession, and the high school there is 97 percent black -- of

course, one can't prove this; as a scholar, always looking for things to prove -- but I think it's quite hard to imagine that if the racial composition and economic composition of that school district was different, that that would have been tolerated. The highest level policymakers would just have signed this school district off. So it means that some kids had their entire public schooling experience in public schools that were officially failing against state standards and they were almost all black. And in the end they pulled the certification and then the story gets more interesting.

So actually, if you were asked what's the -- if we could wave our wand, right, if we can wave a magic wand and we'd like to do lots of things, but I think that place and residential segregation, physical segregation, has such huge concrete effects in the way we've discussed. But I also think it has these kind of other distancing effects, as well. If we don't actually live with each other, if we're not neighbors, it's very much harder then to understand each other's experience. And then you get the situation as we do now where it feels almost as if Americans of different backgrounds and particularly different races, it does feel like they're almost living in different worlds looking at each other across this gap saying are you kidding me?

MS. LAKSHMANAN: Well, let's take this a step further because we actually have a listener, Jacqueline Bonner, who asks is higher education still one of the most effective interventions for reducing intergenerational poverty in America? So we've talked about lower education. Belle, fill us in about higher education. Is that really the most important step on the ladder out?

MS. SAWHILL: It is definitely a very important step on the ladder out. We have looked at the evidence here and it shows that if you graduate from college, and I underscore graduate, but you came from a poor background or a minority background, it is going to make a huge difference in your life. And in fact, some of these gaps we've

been talking about are greatly narrowed in terms of your later achievement, not entirely, but it certainly is a major lever.

MS. LAKSHMANAN: But then that brings us back to college affordability.

MS. SAWHILL: Well, it takes us back not only to college affordability, but to the fact that too few people who go to college graduate.

Community colleges, I think, are one of the bright spots in the United States, providing a way up the ladder. And we now have something like 70 percent of high school graduates going on to some kind of postsecondary education, many of them to community colleges. But guess what, the proportion of people who never finish is 60 to 70 percent. And that is because, in part -- I mean, it's for lots of reasons, but it's in part because the K through 12 system hasn't done a very good job.

These young people are spending a huge amount of time in remedial education and then having to drop out. Often they are mid-career people, they're not right out of high school, and they have family responsibilities, they may have jobs, and they're struggling with trying to combine going to school and a job and taking care of a family. So this is why I come back to what I said early on, which is we need a social insurance fund to help people make these transitions, to get retrained and reeducated, even if they're 30, 40 years old.

So I think, yes, higher education is very important, but I would say don't think just in terms of four-year liberal arts schools, which too many people, especially in the policy community, tend to do. Think about more career and technical education and supporting our community colleges.

MS. LAKSHMANAN: All right. Do you want to make a quick point and --

MR. REEVES: Can I just say --

MS. LAKSHMANAN: Yes.

MR. REEVES: A four-year college degree is a ticket to upward mobility for poor kids, but only 1 in 10 of them actually get it. So it's great when it happens, but it doesn't happen very often for poorer kids.

There is a quality issue, so it's not just about your four-year college degree, but how good is your college degree. Is it appropriate? Where did you get it from? And you see very big differences in the value of college degrees even when they're getting them between students of different backgrounds.

And lastly, as far as race is concerned, we've seen a big increase in black enrollment, not such a big increase in black completion and not so much for black men as for black women. And almost all the increase in black enrollment is in colleges ranked in the bottom half of the distribution in terms of quality. This is work by Jonathan Rothwell, a former colleague here, where you look at it and you see basically almost all of the rise in black enrollment in colleges is in bottom-half colleges. Not to say that that doesn't give value, but it doesn't give you anything like the same value.

So even postsecondary education turns out to be yet another way in which preexisting racial inequalities get amplified.

MS. LAKSHMANAN: Do you have a quick thought you wanted to add on that, Dayna?

MS. MATTHEW: Absolutely. The same is true with respect to access to health care. When you look at the increased access from 20 million more Americans getting health care, 3 million of them, let's say, taking the African American community, where do they access health care? In the institutions that have the least resources; in the institutions that have the poorest outcomes, the poorest trained physicians; and, like Belle was saying, in the institutions that have the last likelihood of improving their health

outcomes. So this is a replication if not an amplification of the racial discrimination that occurs.

But I wanted to go to one other thing. When you think about both of the solutions that Belle and Richard are talking about, what we also have to pay attention to is the fact that in this country as compared to other industrialized nations, the ratio of medical to social spending is very different than we see, for example, across the pond. And that is a way that if I can be a little bit aggressive and maybe a little controversial, we can really eliminate this competition, this false sense that we have to do either/or. We have to spend on housing or we have to spend on health. We have to spend on education or on health.

The fact is that if you spend on housing so that there is affordable housing for people, you improve health outcomes in the population. If you spend on improving higher education and access to it across racial and ethnic divides, then you improve that population's health outcomes. So we could see all social spending as health spending and do a better job of allocating the ratio in this country.

MS. LAKSHMANAN: All right. Well, we are running out of time, but we have one question from an audience member that I think has to be asked. Ms. Bonassir says, "Do you think Hillary Clinton and Donald Trump are presenting two different American dreams or are they presenting the same dream to two different groups of people?"

Belle. (Laughter)

MS. SAWHILL: I think they are presenting very different dreams. One of them is relatively optimistic and the other one is more nostalgic and looking backwards. And I think that they have very, very different visions for America and totally different ways of going about achieving those visions. So I think there couldn't be a starker



contrast. I mean, really, we are at the extremes here of the contrast in this election. And it's going to be very interesting to see where people come out.

You earlier mentioned the misogyny factor that is now attaching itself, with merit in my view, to Mr. Trump. And how that's going to play out, I think that's going to play out in electorally in what I think will be a -- actually I'll say it, I hope will be a large victory for Secretary Clinton.

But the interesting thing to me about it is that when you think about what the public is going to be voting on, what most people are going to be voting on, it's going to be these kinds of issues, identity-type issues, not policy. This has been a campaign in which attention to policy proposals, the kind of things we've been talking about here today, has been almost zero.

Now, that doesn't mean that Secretary Clinton in particular hasn't got a raft of policy proposals.

MS. LAKSHMANAN: Literally thousands of pages --

MS. SAWHILL: As always, she does.

MS. LAKSHMANAN: -- of policy proposals on the Internet.

MS. SAWHILL: Yeah. I was at a conference recently in which I was trying to be evenhanded, and so I said -- and this was a group that was trying to get their policy proposals in front of the next President. And I said, look, write up a short policy brief, she will read it. She loves to read policy briefs.

I said, Donald Trump, I'm not so sure. I'm sure he'll love anything you're for. He'll say I love your policies. I don't know what they are, but I love them and I think they'll make America great again. (Laughter)

MS. LAKSHMANAN: All right, Richard, briefly.

MR. REEVES: So I would suggest that she loves to read policy briefs

not be made into a bumper sticker. (Laughter) I mean, it worked for us.

I think they're deeply different visions of the American dream, perhaps even deeper than perhaps Belle just suggested. I actually think that there's a fundamental choice here between a society that embraces dynamism and diversity, and along with it a degree of uncertainty and a degree of messiness. That's what plural, open, diverse societies look and feel like or a society that prizes security and sameness and is a bit more afraid and that wants to kind of keep things a little more settled. So do you want a settled society where you live with people a bit like yourself and not too much changes?

I would say it's almost a generational thing. It feels to me as if it's the difference between that period of your life when you really want to settle down and you don't like your routines to be upset -- I'm getting like this myself -- you know, and change is difficult and so on, or you're a younger person and actually you welcome change. You're curious, you're embracing that kind of diversity. And I think that that's the alternative vision that's on offer.

My fear is, whoever wins, that -- and Trump will win among whites; I think pretty much whatever happens, Trump will be the choice of white Americans is my reading of the polls. My fear is that even if Secretary Clinton wins, there'll be this real concern to address all the issues of whites and the disgruntled and disaffected poor whites. And quite right, we should be concerned about that, too. My fear is that actually that will mean that the sort of racial concerns of the new President will be overweighted by what's happened to Trump and his supporters rather than saying, hold on, there's a reason why 9 in 10 black Americans voted for us. Have you looked at these race gaps?

So I fear that whoever wins that there's a danger of the nature of the race, meaning the real concerns that Dayna and I set out in our paper about the

particular problems faced, especially by black Americans, actually aren't taken as seriously and that there's too much concern paid to the whites.

MS. LAKSHMANAN: The polls I've seen show Trump winning among white men, but Hillary Clinton leading among white women in the latest polls.

MR. REEVES: Right, but on net, I think he'll win among whites.

MS. LAKSHMANAN: Well, yeah, we'll see. Dayna, quick thought, whose American dream?

MS. MATTHEW: So different dreams, different populations are listening. When you look at the phrase that they're each using, one goes backwards, ones goes forward, right?

But I want to make the observation, sort of picking up on what Richard said, that if America was great in your past because you were the winner in an inequitable system, right, because you were able to succeed at the expense of equality of another population, when things become more equal, it looks like you lost. Right? You look like you're losing ground if other people who were not able to have access to the American dream don't have it.

So we have to pay real attention, I think, to the fact that "Stronger Together" actually means that somebody had to give up something so they could actually vote against their own interest. Right? The unemployment rate is down, the stock market is up, 9.7 million jobs for the past years has been made by this administration. What could make somebody think they want to go backwards? Race.

I guess I'll end there, just like I started there.

MS. LAKSHMANAN: All right. I want to thank everyone in the audience in the room and on the live stream for joining us so early in the morning. This podcast is going to be posted later this week and if you'd like to find Brookings' podcasts, you can

find them, the Brookings Intersections podcast, the Brookings Cafeteria podcast. Just search for Brookings in your podcast app.

And please join us next week for a similar conversation next Thursday morning, when we'll be talking with Fiona Hill and Tom Wright on global alliances, Russia, and America's place in the post-election world order. Thank you. (Applause)

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