

A Bipartisan Plan to Reduce Poverty in the U.S.

As we enter the spring of 2016, American politics is about as depressing as it could be. Both major political parties appear to be on the verge of nominating deeply flawed candidates with extremely high unfavorable ratings. The tone of the political rhetoric is especially hostile, mean-spirited and even violent. The differences between American conservatives and liberals seem so wide that there does not seem to be any hope that the current political gridlock will end.

However, there are a few signs in obscure but important corners of American life that leaders from the left and right can reason together to find solutions to hard problems. You can see it in cities and local communities where leaders have called on opposing groups to join together to improve their communities, and it is happening in Washington think tanks and on university campuses where policy experts, determined to offer the next president policy ideas that have a chance of being enacted, are writing reports and policy briefs which take the best ideas from progressives and conservatives to offer a path forward that could be acceptable to all.

Recently, I helped to lead an effort in which the center-right American Enterprise Institute (where I work) and the center-left Brookings Institution brought together a group of 15 experts from across the ideological spectrum to write a report on reducing poverty which they all could sign. The AEI-Brookings Working Group represented a wide range of academic disciplines (economics, sociology, political science and psychology) and included scholars with experience at all levels of government. After a year of debate and discussion, we published our report, “Opportunity, Responsibility, and Security: A Consensus Plan for Reducing Poverty and Restoring the American Dream.”

The report starts by evoking shared American values that helped its authors navigate partisan gridlock. As the title suggests, the policy proposals are grounded in the widespread belief that all Americans should have the opportunity to rise regardless of their upbringing; able-bodied adults should undertake the responsibility of providing for themselves and their families; and a strong safety net should exist to ensure security during life’s downturns.

Our policy recommendations focus on three central aspects of life – family, work and education. These are so interrelated that we believe progress on poverty and opportunity can only happen when improvements come in all three at once. For some conservatives, reducing single-parenthood is all that is needed to reduce poverty, and many liberals think raising wages and benefits will do the trick. Still others put all their faith in better schools. Our report breaks with these single-minded approaches – all three are critical.

The report begins by laying out the facts. We find that the existing safety net has been successful in reducing material hardship (though it remains too high) and that intergenerational income mobility is too low: 43% of American children born in the bottom fifth of the income distribution remain stuck there as adults. These disappointing outcomes are not surprising given the changes over the years in the three key domains of American life. As we document, the share of births to unmarried mothers has skyrocketed; the fraction of working-age men who are employed has fallen, likely due in part to stagnating wages; and gaps in academic achievement widened just as financial returns to education increased. It is a troubling picture, and bold solutions are needed that can gain widespread support.

In the family sphere, it is clear that the rise in single-parent households is limiting the opportunities available to children. Research shows that children raised by two parents outperform their peers on key educational, behavioral and employment-related outcomes, holding other factors

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constant, and the institution of marriage is clearly the most reliable mechanism for producing an environment in which children thrive, especially in the United States. But addressing these personal decisions through public policy will always be difficult, and past government programs that tried have not been successful.

Our group proposes a new approach: a large-scale cultural campaign to promote marriage before childbearing led by political leaders and important figures in civil society. This campaign should mimic the public information campaigns that achieved public health gains by reducing smoking and teen pregnancy. Cultural norms can be shifted, and given the importance to the child of having two committed parents in the home, our leaders cannot be afraid to encourage it.

But we should not stop there. Government ought to support programs that ensure access to effective contraception, as well as initiatives, such as home-visiting programs, that improve the parenting skills of low-income, first-time single parents. Policymakers also need to recognize that the struggles of men in the labor market have made marriage less attractive for women. In response, the group proposed increasing the earned-income tax credit (EITC) for childless adults and developing more effective work programs for the men who owe child support.

Helping low-income Americans broadly do better in the labor market deserves careful attention. To upgrade workers' skills, community colleges must improve offerings in technical, high-demand fields; apprenticeships should be subsidized; and work-based learning should be expanded in high schools. Europe has adopted many of these strategies with some success, and the U.S. should follow. In addition to increasing the EITC, we endorsed a modest increase in the minimum wage to ensure that work is rewarded. During economic downturns, government should step in to create public service jobs for the tough-to-employ. For market-oriented conservatives, these were tough compromises, but they were needed to reach consensus. We also agreed that low-income Americans should be expected to take further responsibility – meaning stronger work requirements and other pro-work reforms across the safety net.

Success in the labor market in the 21st century economy, however, also requires an adequate education. To that end, public investments in early childhood and postsecondary education need to be increased. Among other ideas, we propose continued efforts to improve the quality of child care available to low-income working mothers and to study how preschool programs can be scaled up without sacrificing quality. In the K-12 space, states should implement standards for social-emotional development in an effort to increase essential soft skills. The higher education system's traditional onerous accreditation process should be reformed to allow innovative approaches to flourish. And throughout the education sector, gaps in resources between the rich and poor must be closed with greater integration and increased aid for poor students.

Reaching consensus on these policy changes was challenging, and conflict intensifies when new ideas must be paid for. Liberals are typically content to increase taxes or run deficits if need be, while conservatives resolve to find spending cuts in other programs. On this front, too, our report succeeded in developing a framework that can unite both sides. A combination of cutting old-age entitlements for the affluent and raising more revenue by curbing tax expenditures, like the tax deduction for interest on mortgage debt (which also primarily benefits the better-off), would solve the budgetary problem without compromising needed programs for the poor.

We believe our report represents a way forward that would reduce poverty and expand opportunity. It is true that the current tenor of the presidential campaign does not offer much hope that our ideas could break through in a political world where both sides distrust and disdain the other. But American politics has often gone through contentious, unpleasant periods, and at the end of each a fever breaks and bipartisan progress follows. That will happen this time too, and when it does, the ideas and proposals contained in our report will be ready for public debate.