



BY HILLARY CLINTON

# Pragmatic Solutions for Reducing Poverty and Inequality

**One of America's greatest strengths** has been the promise of opportunity—that people who are willing to work hard can improve their economic circumstances and create a better life for themselves and their children. Today, that promise is at risk. More than thirty-six million people live in poverty in America. Sixty million more live just above the official poverty line. The United States consistently ranks near or at the bottom of developed countries when measuring the share of its citizens living

in poverty. And despite the widely held view of America as the land of opportunity, intergenerational mobility in the United States is actually lower today than that in almost all other high-income countries. This is particularly troubling for communities of color—in America, only 31 percent of black children from middle-class families earn more than did their parents, compared to 68 percent of white children in the same situation.

The causes of poverty and inequality in the United States are myriad and complex; structural economic forces, politics, and community changes all play a role. But when it comes to tack-

ling poverty, Washington too often responds to complexity with ideology and engages in hand-wringing rather than action. For the past seven years, we've had an administration that has had only one answer for all of our economic challenges—tax cuts for the wealthiest Americans and large corporations. As a result, we've watched wages stagnate, household income drop nearly \$1,000, two million more Americans lose their health insurance, and nearly five million more people fall into poverty.

It is time to move beyond apathy and trickle-down economic promises. It is time to put to rest ideological debates about

whether poverty is a result of personal decisions or government failures. It is time to find common ground around pragmatic solutions to reduce poverty, expand opportunity, and ensure that economic growth is truly shared.

This is the approach I've taken for the past thirty-five years working on behalf of children and families. After graduating from law school in 1973, I went to work for Marian Wright Edelman at the Children's Defense Fund. One of my first jobs was to go door to door in New Bedford, Mass., to figure out why there were discrepancies between the number of school-age children and the number of children enrolled in school. What I discovered was heartbreaking—kids were kept out of school because of their physical disabilities. We submitted our findings to Congress and helped to pass the Education for All Handicapped Children Act, mandating that children with physical, emotional, and learning disabilities be educated in the public school system.

## **The first set of pragmatic investments we must make must take place early in children's lives—to attack poverty and inequality at their very roots.**

The lessons I learned from that experience have stayed with me over the years. In Arkansas, I cofounded the Arkansas Advocates for Children and Families and served as the founding board president of the Arkansas Single Parent Scholarship Program, designed to help single parents gain access to higher education and better jobs. As first lady, I championed the Family Medical Leave Act (FMLA) and helped create the State Children's Health Insurance Plan (SCHIP), the single largest expansion of health insurance in a generation, which today covers six million children. As senator, I have worked to protect SCHIP and to expand access to more low-income children.

When I am president, I will continue to fight for common ground and pragmatic solutions to reduce poverty. Let me offer one example. Throughout the campaign, I have been talking about the crisis of the 1.4 million young men of color in our country who are out of school and out of work. For years, I've listened to politicians have the same conversations about these young men. Some say they're victims of decades of government ignorance and neglect. Others view them simply as a threat, a headache, or a lost cause. I reject these conversations. I believe we need to begin to see these young men for their God-given potential—as future entrepreneurs, community leaders, husbands, fathers, and role models. We need to ask these men to be responsible and also provide them with real opportunities for economic success. That was the theory underlying my Youth

Opportunity Agenda, which I announced this summer.

This is the kind of conversation I want to have with America when I am president. I want to ensure that all Americans have opportunities—from their earliest years to adulthood and into retirement—to fulfill their potentials and realize the promise of America as a place of limitless opportunity. I have already begun to lay out a detailed approach to realizing this goal.

The first set of pragmatic investments we must make must take place early in children's lives—to attack poverty and inequality at their very roots. That's why I have called for new investment into home visitation programs that help first-time parents prepare for and care for their young children. Children who participated in these programs had 56 percent fewer arrests and 81 percent fewer convictions than children who did not participate. I will also close the early achievement gap by investing \$10 billion in quality universal prekindergarten and expanding Head Start and Early Head Start. By age 4, children who live below the poverty line are already eighteen months below what is normal for their age group. Over half of the black-white achievement gap that exists at the end of high school exists before children even start kindergarten.

It is a disgrace that our children are the poorest of any age group in our country. The child poverty rate is 17.4 percent, nearly twice the rate for 18- to 64-year-olds. When child poverty is measured in relation to 50 percent of median income, the United States comes in last among 24 rich countries. This is not only a moral problem but also an economic problem: persistent childhood poverty costs our nation about \$500 billion each year in lost productivity, higher health care expenses, and crime-related costs.

Yet in order to truly expand opportunities for our children, we must give them the resources to succeed throughout primary and secondary schools and inspire them to pursue post-secondary education as well. To that end, I will invest in programs to keep at-risk kids engaged and on track in elementary and middle schools. Over five years, I will double federal support for early intervention mentoring programs, like GEAR UP, to benefit an additional one million middle-school students. I will also invest \$100 million in a new public/private summer internship program. Internships offer access to informal networks that are vital in a job market where about 70 percent of jobs are secured through connections. And I will double the number of education and job-training opportunities over five years to provide support to more than 1.5 million additional youth. Young people who are out of work and out of school need community-based skills training but, today, the federal government serves fewer than 200,000 of them.

These investments targeted to our youth will help create pathways to college, which today is the most important doorway into the middle class. A college graduate earns twice as much as a high school graduate. In 2005, the number of college graduates who were considered "working poor" was 1.7 percent, compared to 14.1 percent of those with less than a high school diploma. But it isn't enough to provide pathways to college if we don't also make college affordable. In the past twenty-five

years, the average cost of tuition and fees has risen faster than personal income, consumer prices, and even health insurance.

That's why I have an agenda to make college more affordable and more accessible to all Americans. At the heart of my plan is a \$3,500 tuition tax credit, which will cover more than 50 percent of the cost of tuition at an average public institution. I will also increase the maximum Pell Grant and I will maintain its value by adjusting it annually to take into account the rising costs of college tuition. I will provide \$500 million to community colleges and \$250 million to four-year colleges to strengthen their programs, rein in tuition and fees, and increase graduation rates.

Education beyond high school is vital, but alone it isn't enough. Education without good-paying jobs is fruitless. In 2005, nearly six out of every ten of the working poor who held a job worked full time. In 2006, the poverty threshold for a family of four was \$20,444, but in many communities around the country, the amount of income needed by a family to get by is often twice that figure or more. Last year, 30.5 percent of Americans had incomes below twice the poverty line.

As president, I will tie increases in congressional salaries to increases in the minimum wage—so Congress can't get a raise without giving the American people one as well. And I will expand the Earned Income Tax Credit, which is one of our nation's most effective tools to encourage work and reduce poverty. I also believe that we need to support our labor unions so that our workers can organize and bargain collectively for a better way of life.

We also need to ensure that our economy continues to produce good, high-paying jobs here in the United States. That's why I have a plan to help create at least five million "green collar" jobs through investments in clean energy and energy efficiency. I plan to create a new twenty-first century manufacturing agenda focused on new energy and new jobs. This manufacturing industry will not look like the one we had fifty or a hundred years ago, but the impact will be very similar: Millions of Americans who are willing to work hard will have a pathway to economic stability.

Job security is only part of alleviating poverty. We must also address the broader issue of financial security. As I mentioned earlier, there are sixty million families today that are barely above the poverty line. For them, just one unexpected expense is all it takes to fall into poverty. For too many Americans, that unexpected expense is health care. Half of all personal bankruptcies in the United States are caused by illness or medical bills, and most of those who go bankrupt because of medical problems actually have health insurance.

That is why, when I am president, ensuring quality, affordable health care to all Americans will be my top domestic priority. Under my American Health Choices Plan, working families will get refundable tax credits to help pay for their premiums, insurance companies won't be able to deny coverage based on preexisting conditions, and people will not lose coverage if they switch or lose their job. The refundable tax credit will be designed to prevent premiums from exceeding a certain percentage of family

income, which means that health insurance will never again impose a crushing financial burden on American families.

I will also ensure that all Americans have access to affordable housing. In many areas around the country, housing costs have far outgrown inflation—and the gap between wages and housing costs is widening, pushing affordable housing beyond the reach of many working families. Each year, more than three million people—including 1.3 million children—experience homelessness and even more are at risk. That's why I have proposed an agenda to put home ownership and affordable housing in reach for low- and middle-income Americans. An important piece of that plan is a \$1 billion fund to provide federal support to housing trust funds established by state, county, and municipal governments. My agenda also includes plans to crack down on unscrupulous brokers, curb mortgage lending abuses, and help homeowners avoid foreclosures.

Just as important as making a good, living wage throughout one's lifetime is saving for the future. The problem of poverty isn't just about income, it's about wealth. The typical African American household has less than 10 cents in wealth for every dollar held by white families. Nearly 10 percent of American families are unbanked—meaning they have no connection at all to a mainstream financial institution. Wealth can mean the difference between getting by and getting ahead, yet too many families have no opportunity today to build a nest egg.

When I am president, I will offer a new American Retirement Account to every American to help them save and build wealth for their future. Under my plan, American families—especially poor, working, or middle-class families who currently have the hardest time saving—will receive generous tax cuts. I will provide a dollar-for-dollar matching refundable tax credit for the first \$1,000 saved by a family making up to \$60,000, and a 50 percent match for the first \$1,000 saved by those making between \$60,000 and \$100,000.

## **It is a disgrace that our children are the poorest of any age group in our country.**

The next president will inherit a number of big challenges—a war to end, alliances to repair, and an economy to mend. Chief among those challenges, in my view, must be to restore the promise that America is a country of economic opportunity. Too many American families are living in poverty today and have little chance of advancing upward. And too many working Americans are working harder and harder but feel like they're just staying in place or even falling behind. These people are looking for a president who will restore the promise that America is a country where anyone who works hard will have a chance to get ahead and build a better life. I believe I have the strength and experience to take on these challenges. ☆