



Crossing Divides:

New Common Ground on Poverty
and Economic Security Policy

EXECUTIVE SUMMARY

Dēmos

A NETWORK FOR IDEAS & ACTION

Current Situation

At the beginning of the 21st century, there is no problem in our society more troubling than the vast disparity in economic well-being that exists among Americans. Poverty and severe economic insecurity endured through the boom of the late 1990s, and promise to persist indefinitely in the absence of major changes in public policy. Today, leaders of both political parties express a commitment to increasing economic opportunity for all. But the approaches they put forth for achieving these goals often differ dramatically. As the recent debate over reauthorization of the 1996 welfare law showed, bold and unified national action to enhance economic well-being and increase opportunity is difficult to achieve.

Yet, the challenges faced by low-income Americans remain great:

- Twenty-nine percent of working families with children under age 12 do not earn enough to meet a basic family budget for food, housing, health care, and child care
- One-third of families have zero or negative assets
- Tens of millions of working parents lack key supports like affordable childcare and healthcare.
- African-Americans and Latinos are especially likely to be living in poverty or barely getting by on the lower rungs of the middle class.

For the many Americans who have not shared equally in the prosperity of recent years, political deadlocks in Washington and in state capitols have had profoundly harmful consequences.

Are these differences and deadlocks a permanent feature of our politics? Is it possible for America's elected leaders to find greater common ground on issues of economic well-being and embark upon energetic new efforts to reduce poverty and improve opportunity?

Crossing Divides answers a cautious “yes” to these questions.

Findings

Our central conclusion is that after a long domestic cold war, some areas of new common ground have emerged across ideological divides among elected leaders and public policy thinkers. Today, it is possible to talk about a new debate in America about poverty and economic security – one that is very different from debates of the past quarter century.

Liberals and conservatives have begun to develop a new consensus on some values and policy approaches toward issues of economic equity and social policy. We find that this common ground has the potential to be deepened – opening the way for major new bipartisan efforts to improve the economic position of low-income Americans in the coming years.

Liberals are now more likely to stress traditional conservative themes like the importance of work, entrepreneurship, and personal responsibility; and conservatives are invoking certain liberal ideas, such as the need to make work pay and to help poor families and communities to build wealth and assets. *Most importantly, certain policy solutions that are consistent with both worldviews are becoming more central to public policy debates over poverty and economic opportunity.*

Growing Agreement on Values and Goals

During the last decade, Republicans and Democrats have come together to enact or expand several historic efforts to increase the economic well-being of low-income Americans in four notable areas:

- **Making Work Pay**, through legislation to expand the Earned Income Tax Credit. Legislation supported by President Reagan, and then Presidents Bush and Clinton in 1990 and 1993, transformed the EITC into one of the most effective government programs that help low-income families. Sixteen states have also enacted EITCs, often with strong bipartisan support.
- **Building Wealth and Assets**, through the creation of Individual Development Accounts (IDAs), special matched savings accounts. IDAs have been embraced by both parties at the national and state level, and have been incorporated into several federal policies including the welfare reform law of 1996 and the Community Reinvestment Act.
- **Helping Working Families**, by extending health care coverage to low-income children. The passage of the State Children's Health Insurance Program in 1997 with bipartisan support represented the most significant extension of government health insurance since the creation of Medicare.
- **Community Development**, through the creation of Empowerment Zones. Empowerment Zones have helped to direct billions of dollars in government tax breaks and financing to impoverished neighborhoods.

Driving Factors

The conventional wisdom holds that the political center on issues of poverty and public policy has moved sharply to the right over the past decade. While that analysis captures reality in part, this report suggests a more complex picture. Instead of a uniform shift in one ideological direction, the terms of political debate are shifting into new terrain altogether. This landmark shift away from the polarized debates of the past is due to the major impact of welfare reform and the profound changes in the economy. These changes have in turn had a significant impact on public opinion and resulted in policy innovation at the national and local level.

The Impact of Welfare Reform

The massive changes brought by welfare reform have had a profound impact on public perceptions about poor working families. The transformation of welfare to a work-based system has helped illuminate the hidden costs of work faced by all families. Welfare reform has spotlighted the problems of the low-wage labor market including:

- a lack of good jobs that help workers escape poverty;
- inadequate healthcare and childcare for low-income workers;
- few opportunities for advancement; and
- pockets of high unemployment.

In this way, welfare reform has blurred the old distinctions between the “welfare poor” and the “working poor.” As a result, the political and public dialogue has shifted away from welfare and dependency toward enabling work and “making work pay.” This shift makes it potentially easier to garner political support to help *all* low-income individuals and families.

Changes in the Economy

A second factor altering public policy debates is the continued restructuring of the U.S. economy. The last decade has seen enormous economic prosperity, but also continued stagnation of incomes for many households and an accelerated trend toward greater economic insecurity for more and more Americans. Increasingly, the perennial challenges faced by low-income households, such as the lack of affordable healthcare, childcare, and housing, are being experienced by households in higher income brackets. The problems of a growing number of working families across income brackets have worsened even as the New Economy has delivered dramatic income gains and massive wealth accumulation to households at the very top of the economic ladder.

Shifting Public Opinion

Changes in social policy and the economy are reflected in shifts in public opinion about economic security issues. Americans increasingly recognize that in this post-welfare reform environment, personal responsibility can only go so far in reducing poverty, and there is a high level of public support for policies to assist low-income working individuals and families.

A complete analysis of public opinion data on these issues is provided in Dēmos’ report, *New Opportunities? Public Opinion on Poverty, Income Inequality and Public Policy: 1996-2002*.

In *New Opportunities*, we highlighted these significant findings:

| Support for Key Policies | | |
|--|-----------|----------|
| | % Support | % Oppose |
| Increasing the minimum wage | 85 | 14 |
| Increasing tax credits for low-income workers | 80 | 17 |
| Increasing cash assistance for families | 54 | 40 |
| Expanding subsidized daycare | 85 | 12 |
| Spending more for medical care for poor people | 83 | 14 |
| Spending more for housing for poor people | 75 | 23 |
| Making food stamps more available to poor people | 61 | 35 |
| Guaranteeing everyone a minimum income | 57 | 39 |

Percentages do not add up to 100 because “don’t know” responses are not shown.
Source: *Kaiser Family Foundation/Harvard University/NPR, 2001*

In addition, surveys show that the uneven effect of the economic boom of the late 1990s resulted in many Americans feeling left behind.

- Over one-third of Americans view themselves as a “have-not”-compared to just 17% in 1988.
- Two-thirds of the public believes that something needs to be done about the income gap between the wealthy and other Americans.

Conclusion

The present and future potential areas of consensus around issues of poverty and economic well-being present new opportunities to improve the economic position of tens of millions of low-income Americans. Looking more specifically at the implications for advocates and policymakers of the four cases in this report, a few important points stand out. The first is the promise of incrementalism. In a period of frequent partisan deadlock over public policy and constrained fiscal imagination, progress on economic security issues is most likely to come in small steps.

More specifically, the nature of consensus and conflict in today’s debate over economic security suggests that the most immediate victories for advocates lay in seeking incremental gains in three areas:

1. income and wage supplements to help working individuals and families;
2. healthcare and childcare subsidies focused on working families; and
3. further development of asset building policies.

These gains, in turn, have the potential to lay the groundwork for larger and more significant efforts to reduce poverty and build economic security.

Even as advocates and policymakers move forward to score incremental gains in the next few years, they must also adopt a longer-term vision and strategy for turning the new common ground into larger policy gains for low- and moderate-income families. Clearly, an exciting opening is emerging to tell a broad new story about economic security and opportunity in America. Such a story could be the next major narrative to win bipartisan support and frame American public policy in this area over the next several years.

Other Resources



New Opportunities? Public Opinion on Poverty, Income Inequality and Public Policy, 1996-2002.

This report examines public opinion data on a variety of poverty-related issues. The results indicate that while long-standing disagreements about the causes of poverty endure, the public stands united in support for policies to make work pay and improve the standard of working families' lives. This support appears to emerge from a growing recognition that hard work is no longer a guarantee against poverty and income insecurity.

This support is reinforced by an enduring and strong belief in core American values of equality of opportunity, fairness and government responsibility.

The central conclusion is that there are major new opportunities for building a public consensus around the goals of reducing poverty and economic insecurity.

Get the full report of *Crossing Divides* and *New Opportunities* online at our website:

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Tamara focuses on identifying and developing new strategies and policies to improve the economic well-being of low- and moderate-income families. She is co-author of the recent Dēmos report, *Crossing Divides: New Common Ground on Poverty and Economic Security* and author of *New Opportunities? Public Opinion on Poverty, Income Inequality and Public Policy, 1996-2002*. In addition, her op-ed articles have appeared in numerous newspapers. Before joining Dēmos in the summer of 2001, Tamara's previous policy research and advocacy work focused on social and health policy issues. She worked at the Center for Population and Family Health at Columbia University and Planned Parenthood of New York City. Prior to working in public policy, Tamara worked for several years as an advertising copywriter. She holds an M.P.A. from Columbia University and a B.S.J. from Ohio University.

David Callahan

Director of Research

As Director of Research, David helps to develop and manage Dēmos' projects and communications activities. He has written extensively on both foreign and domestic policy. He is author of five books and is the co-author of several Dēmos publications, including *Expanding the Vote, An Overdue Reform, and Quality of Life 2000: The New Politics of Work, Family, and Community*. David's articles have appeared in newspapers and magazines around the country, including *The New York Times, USA Today, and The Washington Post*, and he has appeared as a political commentator on CNN, MSNBC, Fox Television News, and numerous radio shows. Before helping to found Dēmos in 1999, David was a Fellow at the Century Foundation. He also served as Managing Editor of *The American Prospect* magazine. He is a graduate of Hampshire College and holds a Ph.D. in politics from Princeton University.

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Dēmos is a non-partisan, national public policy organization based in New York City committed to a long-term effort to reframe and redesign policy and politics to meet the complex challenges of the 21st century. Founded in 1999, Dēmos' work combines research with advocacy – melding the commitment to ideas of a think tank with the organizing strategies of an advocacy group. Our two core program areas are focused on expanding economic opportunity and creating a vibrant and inclusive democracy.



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