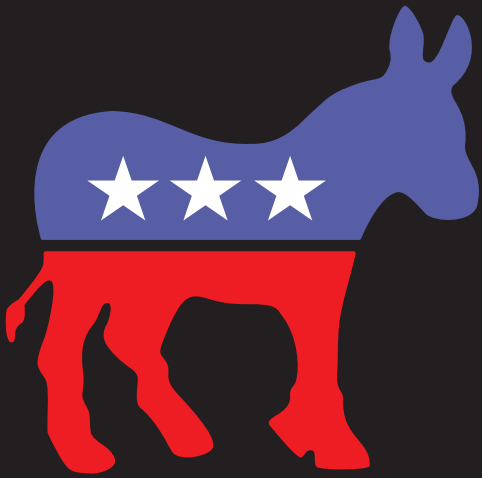


# Pathways

*a magazine on poverty, inequality, and social policy*

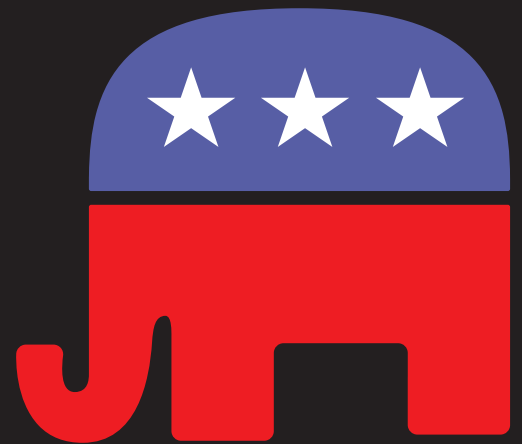
Winter 2016



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THE   
**POVERTY AND**  
**INEQUALITY**

**ELECTION**





# Pathways

a magazine on poverty, inequality, and social policy

Funding from the Elfenworks Foundation and the U.S. Department of Health and Human Services gratefully acknowledged.

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Winter 2016

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The Stanford Center on Poverty and Inequality is a program of the Institute for Research in the Social Sciences. Funding from the Elfenworks Foundation and the U.S. Department of Health and Human Services (Office of the Assistant Secretary for Planning and Evaluation) is gratefully acknowledged. The contents are solely the responsibility of the authors and do not necessarily represent the official views of the U.S. Department of Health and Human Services (Office of the Assistant Secretary for Planning and Evaluation), Substance Abuse and Mental Health Services Administration, or the Stanford Center on Poverty and Inequality.

## Editors' Note

We are pleased to present our election-year “presidential issue” devoted to exploring the positions that the candidates are advancing on matters of poverty, mobility, and inequality. This issue encompasses three types of articles: The guest editor for the issue, Ron Haskins, provides a just-the-facts scorecard on how the candidates stack up on their poverty and mobility policy; the next two articles, authored by Harry J. Holzer and Douglas Holtz-Eakin, make an explicitly partisan case for fighting poverty the “Democratic way” and the “Republican way”; and the final two pieces, authored by Jeff Manza, Clem Brooks, Andrew Gelman, and Leslie McCall, are broader speculative essays about how the public and politicians will come to package their poverty and inequality views in the future.

If there is any lesson to be gleaned from this exercise, it is that presidential candidates no longer have a premade playbook on poverty and inequality issues. The old playbook is of course pretty stock. If you were a Republican, you knew that you had to argue that economic growth goes a long way toward solving the poverty problem, that it is all-important to design a safety net that incentivizes work, and that states are better equipped than the federal government to devise programs that reflect local exigencies. If you were a Democrat, you had to argue, by contrast, that poverty is actively generated by our economic institutions, that growing the economy will therefore not change the deeper forces making for poverty, and that aggressive federal poverty-reducing programs are accordingly the best way forward.

It is not as if this simple playbook has disappeared. It still shows up rather prominently in the platforms of the candidates and in our two partisan essays on the Democratic and Republican ways of addressing poverty. There is, however, all manner of evidence suggesting that the stock formulas are breaking down, with Democrats and Republicans alike having to contend with potentially playbook-busting questions:

- Are growing worries about the decline of prime-age employment and automation-induced joblessness just “Luddite fallacy” or real and legitimate bases for new policy? Which party, if either, will embrace those concerns?
- Is the precipitous rise of complicated and non-standard family forms changing the poverty debate? Are even Democrats now starting to worry about the effects of family structure on poverty?
- Will the conventional focus on poverty policy increasingly come to be supplemented with policies that explicitly address inequality? If, for example, it's found that bottlenecks, sweetheart deals, and other uncompetitive practices account for some of the takeoff in income inequality, might Republicans come to back inequality-reducing policy that's all about ridding the economy of these various forms of “rent”? Will all the candidates of the future thus have at least *some* type of inequality policy (just like most now have some type of poverty policy)?

The age-old question that lies behind all this ferment is whether our political ideologies will constrain our responses or instead be transformed by them. Although it's fashionable to complain about the strong hold of partisan mantras, we can't rule out the possibility that automation, relentlessly increasing inequality, and related big-ticket forces are so transformative that they'll ultimately reshape the playbook.

—David B. Grusky, Ron Haskins, and Charles Varner



# What Are the Presidential Candidates Saying about Poverty and Opportunity?

BY RON HASKINS



The nation is now in the midst of a fascinating presidential campaign that, as always, creates an opportunity for a national debate on both the priorities of the federal government and the specific policies that Republican and Democratic candidates propose to address those priorities. My purpose in this article is to examine whether the candidates are advancing similar or different proposals on how to reduce poverty and increase economic mobility. It is useful to lay the groundwork for this exercise by first reviewing (a) what we *know* about poverty and economic mobility in the United States and (b) what the public *thinks* about poverty and economic mobility in the United States.

### The Facts on Poverty and Mobility

There is surprising agreement among Democratic and Republican politicians that America has too much poverty and not enough economic mobility. Does this agreement square with the data? The facts are that the nation has made some progress against poverty since the beginning of President Lyndon Johnson's War on Poverty in the mid-1960s, but analysts agree that progress has been slow to nonexistent since the beginning of the Great Recession in late 2007. Under a measure of poverty that counts all government-provided benefits as income, government programs reduce the nation's poverty rate by about one-half, a credible performance.<sup>1</sup> But there are still about 47 million poor Americans, including 15.5 million poor children. Under the official poverty measure, the nation has achieved a poverty rate among the elderly of 10 percent (whereas it was over 30% at the beginning of the War on Poverty), but the child poverty rate is more than double the rate among the elderly.<sup>2</sup>

Meanwhile, economic mobility has been stagnant in recent decades, with a rate of mobility that lags behind that of most other Western democracies. The odds that a child reared in the top fifth of the income distribution will fall to the bottom fifth is 8 percent; the odds that a child reared by parents in the bottom fifth will stay in the bottom fifth is 43 percent.<sup>3</sup> Whatever else might be said about these and related facts on economic mobility, they show that America is not a land of opportunity in which everyone has a good chance to get ahead.

### The Views of Republicans and Democrats on Poverty and Opportunity

As shown by polls conducted by the Pew Research Center, the American public does not seem to be overly concerned about high poverty rates and low and stagnant economic mobility, although it is likely that many Americans don't realize just how high poverty rates really are or just how low economic mobility rates really are.<sup>4</sup> In annual polls conducted between 2007 and 2015, a little over half of Americans typically thought that "dealing with problems of the poor and needy should be a top priority."<sup>5</sup> In most of these polls, the poverty issue was no higher than 10th on the list of problems the public considered top priority for federal action. By comparison, in the 2015 poll, 76 percent rated terrorism and 75 percent rated the economy as top priorities for government action.

These numbers for the nation as a whole obscure important differences between Republicans and Democrats in their concern about the poor. In a December 2015 poll, Pew interviewed low-income (below \$30,000), middle-income (\$30,000–\$74,999), and high-income (\$75,000 or more) Republicans and Democrats and asked them if the "federal government should play a major role in helping people get out of poverty."<sup>6</sup> Averaged across the three income levels, Democrats were nearly 35 percentage points more likely to say poverty reduction "should play a major role" in federal policy.

This overall difference between the parties conceals a big income difference within the Republican Party in the extent of support for poverty reduction. Whereas low- and high-income Democrats differ by a mere 10 percentage points in their support for policies to reduce poverty (78% for the former; 68% for the latter), the corresponding difference for Republicans is 29 percentage points (53% of low-income Republicans support poverty-reduction policy versus only 24% of high-income Republicans).

Is the "party divide" any different when the focus shifts from poverty to inequality? In a 2014 poll,<sup>7</sup> Pew asked conservative Republicans, moderate/liberal Republicans, moderate/conservative Democrats, and liberal Democrats whether government should do "a lot or some to reduce the gap between the rich and everyone else."<sup>8</sup> Again, Republicans and Democrats differed greatly, with about half of Republicans and nearly 90 percent of Democrats supporting the position that government should reduce the income gap between the "rich and everyone else" (when one averages across the two Republican groups and the two Democratic groups).

This poll also asked the same four groups whether "raising taxes on the wealthy and corporations to expand programs for the poor would do more to reduce poverty than lowering taxes on these groups to encourage economic growth." Again, there were striking differences in the answers of the two Republican groups as compared with the two Democratic groups, although the two Republican groups differed as much with each other as they did with the two groups of Democrats. Only 19 percent of conservative Republicans and 50 percent of moderate/liberal Republicans thought tax-and-spend was the right approach, as compared with 70 percent of moderate/conservative Democrats and 83 percent of liberal Democrats.

These poll results consistently show that Republicans are less committed to using the federal government to help the poor or to reduce the income gap between the rich and the rest of Americans. The poll results are consistent with the respective philosophies of the two parties; namely, Democrats favor higher taxes and bigger government to solve the nation's domestic problems, including help for the poor and boosting economic mobility, while Republicans favor lower taxes, less government, and more personal and civic responsibility to deal with poverty and opportunity.<sup>9</sup> These underlying tendencies of the electorate regarding support for higher taxes and greater government



responsibility would seem to give Democrats an inherent advantage with the poor and marginalized and with voters who are concerned about poverty and opportunity.

There is, however, a modest movement within the Republican Party to bring conservative philosophy about free markets, self-sufficiency, and liberty to the fight to reduce poverty and increase economic mobility. The beginning of this movement is typically associated with Jack Kemp, a Republican member of Congress from 1971 until 1989 and the Secretary of Housing and Urban Development in the George H.W. Bush administration. Kemp frequently visited poor neighborhoods, discussed policies that would help address their problems, and urged other Republicans to pay more attention to poverty and use Republican values to develop policies and programs for the poor.<sup>10</sup> Paul Ryan, now the Speaker of the House and perhaps the most influential Republican in Congress, is a Kemp acolyte. For the past two years, Ryan has been touring the nation, visiting inner-city neighborhoods and meeting with community leaders. His purpose has been to listen to local leaders to learn how they think government can help them fight poverty and its effects—and to persuade other Republicans to pay more attention to applying conservative principles to help the poor help themselves.

On January 9th, the Jack Kemp Foundation invited all the Republican and Democratic presidential candidates to a forum on poverty and opportunity in Columbia, South Carolina.<sup>11</sup> The discussion was moderated by Ryan and Senator Tim Scott from South Carolina, both of whom emphasized the importance of developing a conservative agenda for reducing poverty and increasing opportunity. Six Republican presidential candidates attended the forum (John Kasich, Jeb Bush, Ben Carson, Chris Christie, Mike Huckabee, and Marco Rubio) and laid out their plans for helping the poor. All offered proposals to address poverty and opportunity. The forum also featured participation by Arthur Brooks, the President of the American Enterprise Institute, arguably the nation's most influential right-of-center think tank, who added intellectual heft to the argument about why conservative ideas about helping the poor are important and could reshape the nation's approach to social policy.<sup>12</sup>

Despite these recent attempts to apply Republican ideas to the problems of high poverty and low economic mobility, the polls show that rank-and-file Republicans continue to rate poverty and opportunity as less important goals of government policy, when compared to more traditional Republican issues like promoting economic growth and maintaining a strong defense against terrorism.

### Obstacles to Faithfully Characterizing Policies

The foregoing at least raises the possibility that some of the Republican candidates may be more activist on issues of poverty and inequality than their constituents would imagine. Is this indeed the case? And, likewise, are the Democratic candidates more or less activist than their constituents would seemingly want?

I used three sources to locate the policies proposed or sup-

ported by the candidates, including the candidates' websites; an online resource called "Digital Dialogue," published by the Every Child Matters Education Fund;<sup>13</sup> and articles written by reporters or editorial writers about the candidates. There are at least three problems that arise when trying to create an accurate account of the candidates' proposals. The first is that there is an important distinction between a position given in a brief comment during a speech, debate, or in response to a question and a bona fide proposal put forth with some detail and explanation on a candidate's website or in a position paper. I try to be sensitive to this distinction in describing the candidates' support for proposals to deal with poverty and opportunity, but have only modest confidence that I have made all the distinctions that would be appropriate.

Second, presumably one wants to distinguish between proposals that are offered in the spirit that they might actually be implemented and those that are more symbolic and offered mainly for the purpose of conveying general or particular ideological commitments. It is of course difficult to sort out those competing rationales and thereby speak to the likelihood that a given proposal would ever be implemented. In many cases, candidates not only make proposals with little or no attention to costs, but they do not tell us whether those costs would be offset by cutting other programs or by increasing taxes. Nevertheless, I do attempt to make at least some comments about feasibility, while still discussing policies that seem infeasible. The "infeasible" policies are, after all, still of interest: It is important to know what the candidates would do about poverty and opportunity if they could, both because it tells us about the candidate's thinking on poverty and opportunity and because, once elected, presidents can sometimes change the definition of what is feasible.

The third and final problem: There is a dauntingly large and diverse range of proposals on offer. It is helpful in organizing these proposals to draw on a recent report on fighting poverty and increasing opportunity by a prestigious group of scholars organized by the American Enterprise Institute (AEI) and the Brookings Institution.<sup>14</sup> The report issued by these two think tanks, usually portrayed as center-right and center-left respectively, argued that both the causes and solutions of poverty and opportunity fell into clusters pertaining to family, work and wages, and education. The AEI/Brookings group argued that a truly effective government strategy to reduce poverty and increase opportunity would mount simultaneous attacks in all three domains. The group proceeded to offer what they considered to be a compromise package of policy proposals that both Democrats and Republicans could support within each of the three domains. While their specific proposals will not concern us here, it is useful to classify the poverty and opportunity proposals offered by the presidential candidates in the same domains (i.e., family, work and wages, and education) used to such good effect by the AEI/Brookings group.

TABLE 1. A Scorecard on Poverty and Opportunity Policies



	Sanders	Clinton	Trump	Rubio	Cruz	Kasich	Bush	Carson
<b>Family</b>								
Paid family leave	X	X		X				
Paid sick leave	X	X						
Paid vacation	X							
Equal pay for equal work	X	X						
Affordable child care	X	X						X
Convert federal welfare spending to block grants				X			X	
Marriage-promoting policy				X			X	
<b>Work and wages</b>								
Increase minimum wage	X	X						X
Promote unions	X	X						
Jobs programs	X							
Expand EITC					X	X	X	
Incentivize work and strengthen welfare work requirements				X		X	X	
<b>Education</b>								
Universal preschool	X	X						
Convert federal preschool spending to voucher program							X	
Prohibit federal mandates on curriculum and standards			X	X	X	X		X
K-12 school choice				X	X	X	X	X
Line of credit to high school graduates							X	
Emphasize career and vocational education		X		X			X	
FAFSA simplification				X				
Public information on school performance				X			X	X
Free post-secondary education	X							
Increase college affordability		X		X			X	X
Ease college loan repayment	X	X		X			X	X
Reward colleges for student outcomes		X				X	X	
Eliminate Dept. of Education					X			

Note: We have included all candidates who were still in the race following the New Hampshire primary.



## A notable aspect of Sanders's policy on work and wages is an increase in the federal minimum wage to \$15 per hour.

### What Are the Democratic Candidates Saying?

In this section, I review the proposals of the two Democratic candidates, Bernie Sanders and Hillary Clinton. The objective is to distinguish proposals that are concrete and feasible from those that come closer to “talking points.” To assist with comparisons across all the candidates, Table 1 lists, by candidate, the main policies within the domains of family, work and wages, and education.

#### BERNIE SANDERS

I begin with Sanders and his proposals pertaining to the family. His proposals in this domain are, relative to those he offers in other domains, quite modest. The only major proposal he advances is to require employers to provide 12 weeks of paid leave for various major health events, such as births, serious illnesses, and adoptions. He also supports the seven days of paid sick leave outlined in Senator Patty Murray's Healthy Families Act, and 10 days of paid vacation for all workers. The family leave would be covered by a FICA-like withholding tax. According to his website, Sanders also argues that another essential part of family policy is improving the economic security of families, an objective addressed with his recommendations on work and wages.

In reviewing his proposals on work and wages, it is sometimes unclear whether they are bona fide proposals or simply general signals of his abiding commitments. Given Sanders's long-standing self-identification as a “democratic socialist,” there is little surprise in the magnitude and cost of his poverty and opportunity proposals, which may mean that it would be more difficult to implement them.

A notable aspect of Sanders's policy on work and wages is an increase in the federal minimum wage to \$15 per hour, which could have the net effect of reducing federal and state spending. A reduction in spending may be achieved because, when low-income workers earn more money, they usually experience a reduction in their government-provided welfare benefits.

Sanders also proposes to help unions, in part because doing so could restore higher wages and better working conditions for low-income workers. He supports measures to make it easier for unions to organize and proposes to give special help to fast food workers and federal contract workers.

To increase the number of jobs available to workers, Sanders would spend \$5 billion to expand high-speed broadband in underserved areas and \$1 trillion total over five years to pay for



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infrastructure projects, such as roads, bridges, and railways.<sup>15</sup> He proposes to spend \$5.5 billion over five years providing jobs to youth; according to his estimates, this initiative would supply 1 million jobs to young workers.

Regarding education, his proposals are again sweeping and expensive. He does not have major proposals for K–12 education, but he does propose universal preschool and free public post-secondary education. His “College for All” program would, by

itself, cost around \$75 billion per year.

Sanders has a host of additional proposals that would have an important bearing on poverty and opportunity, but that do not fit squarely into a tripartite distinction between family, work and wages, and education. He promises, for example, to impose a tax that would force “wealthy and large corporations to pay their fair share in taxes,” and he would also stop corporations from “shifting their profits and jobs overseas.” Sanders would create a progressive estate tax that would apply to the top 0.3 percent of the wealthy (i.e., those who inherit more than \$3.5 million) and would impose a tax on “Wall Street speculators.” The latter tax, like many others that he suggests, is designed not just to raise revenue, but also to reduce after-tax income at the top. In total, Sanders proposes eight new taxes or modifications of current taxes that would produce revenues on the order of \$600 billion per year. In addition, he proposes to finance a large increase in Medicare coverage, essentially expanding Medicare to cover all Americans. This is secured by imposing a tax on employers and households of about \$950 billion per year.

#### HILLARY CLINTON

Clinton, like Sanders, has an elaborate set of proposals designed to deal with poverty and opportunity.<sup>16</sup> Her campaign lists 27 areas on her website as “Issues” on which she is making proposals. The issues range widely and include, for example, LGBT equality, national security, Wall Street and corporate America, and campus sexual assault. The information about her proposals summarized below comes primarily, though not exclusively, from these “Issue” statements on her website.

As the scorecard indicates, Clinton is sponsoring a host of provisions that would provide support to families. She supports the Equal Pay Act which, among other provisions, promotes equal pay for equal work. She also supports paid family leave, sick leave, and affordable child care. The family legislation she supports would, for example, ensure replacement of at least two-thirds of wages for 12 weeks following the birth of a baby. To pay for this proposal, Clinton would increase taxes on the wealthy.

## Clinton is sponsoring a host of provisions that would provide support to families. She supports the Equal Pay Act, paid family leave, sick leave, and affordable child care.

Although Clinton's proposals on work and wages are not as expansive or expensive as Sanders's proposals, they are very substantial nonetheless. Like Sanders, she supports an increase in the minimum wage. She endorses an increase to \$12 an hour, and has stated that an increase to \$15 may be too high. Clinton also sponsors three initiatives that would help working parents pay for child care: (a) provide a tax cut to help middle class families meet child care expenses; (b) expand the Early Head Start program for children under age 3; and (c) provide \$1,500 scholarships for quality child care to parents who are college students. She also, like Sanders, favors legislation to strengthen collective bargaining.

Within the education domain, Clinton has elaborate proposals for early childhood, K–12, and post-secondary schooling. Her proposals for preschool include two large initiatives: (a) expanding Early Head Start and (b) ensuring that within 10 years every four-year-old in the nation has access to a high-quality preschool program. Clinton refers to her extensive proposals for college as the “New College Compact.” Under the compact, she outlines a host of proposals, including (a) providing free tuition to community college; (b) ensuring that no student needs to borrow to afford tuition, books, or fees at any public four-year institution in their state; (c) offering lower interest rates for students who already have student loan debt; and (d) holding colleges responsible for improving outcomes and controlling costs.

### What Are the Republican Candidates Saying?

This section summarizes the positions of the main Republican candidates, again using the same three-domain rubric (i.e., family, work and wages, and education), and again with the objective of distinguishing proposals that are concrete and feasible from those that come closer to “talking points.” Although Bush has now withdrawn, I nonetheless include him in this comparative exercise because his policies stake out an important and distinctive position within the Republican Party.



MARC NOZELL



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### DONALD TRUMP

Trump has taken virtually no direct positions on any of the poverty or opportunity issues we are examining.<sup>17</sup> His website lists the “Issues” on which Trump wishes his position to be known. The list includes U.S.-China trade reform, Veterans Administration reform, tax reform, Second Amendment rights, and immigration reform. The Digital Dialogue source that we used to search for position statements and comments in speeches of the candidates virtually always says “no recent statements or actions” regarding Trump’s positions on inequality, safety-net programs, child care, early learning and Head Start, college affordability, and so forth. It seems safe to conclude that Trump has given little indication of the specific actions (if any) he would pursue to fight poverty or increase economic opportunity.

On the other hand, it could be argued that Trump’s strong stance in favor of reducing immigration and deporting illegal immigrants, reforming the tax code and reducing tax rates for individuals and businesses, and reforming the nation’s trade policy, especially as regards China, would have effects on employment and wages by stimulating economic growth and reducing competition from foreign workers (both those in the United States and those living in other nations that compete with the United States). Trump seems to subscribe to a poverty and opportunity philosophy summarized by the aphorism that the best safety net is a job. By this logic, his goal is to produce more jobs and higher wages—and let the problems of high poverty and lack of economic mobility take care of themselves.

### MARCO RUBIO

When we shift to Rubio, we now see a full complement of poverty and opportunity proposals, but they are typically implemented very differently than Sanders or Clinton would implement them. For example, Rubio has a clear parental leave policy, as do Sanders and Clinton, but he would use the tax system to incentivize businesses to offer a plan for parental leave to their employees.<sup>18</sup> He would give a 25 percent non-refundable tax credit—up to \$4,000 per employee per year—for funds used to offer employ-

**Trump seems to subscribe to a poverty and opportunity philosophy summarized by the aphorism that the best safety net is a job.**

## Rubio proposes to combine money from several welfare programs and give the money to states based on the size of their population in poverty.

ees at least four weeks of paid leave.

Perhaps Rubio's broadest proposal is to give states what he calls a "flex fund." Similar to the "opportunity grant" proposed by Paul Ryan (also see Bush's "Right to Rise Grants" below), the fund would combine money from several welfare programs and give the money to states based on the size of their population in poverty. States would have great flexibility over these funds, which Rubio and other Republicans think would free them to develop innovative programs, such as pro-marriage initiatives and wage supplements that increase the incentive to work and to marry. The objective is to devise a system in which the worker will always do better by combining wages with work-based benefits than with welfare benefits alone. Rubio would also use program evaluations to ensure that states are accountable for how they spend the flex funds.

Like most of the Republican candidates, Rubio also wants to reform the tax code to promote work. His plan would eliminate most deductions and credits and create three tax brackets of 15 percent, 25 percent, and 35 percent (as opposed to the current seven brackets). He would also modify the Child Tax Credit, making it partially refundable up to \$2,500 per child. Because the new tax credit is a supplement to the current tax credit, and because it applies to both income tax and payroll tax, Rubio claims that it would be especially generous to married-couple families and would eliminate marriage penalties that exist in the current tax code. Rubio would also reduce the top corporate tax rate to 25 percent and apply that rate to all business income. Rubio argues that his tax reform would provide more incentive to work than the current tax system for individuals and that his corporate tax reform would unleash business to expand and create more jobs, thereby reducing unemployment and luring people who have left the workforce to return.

What about education? Here, Rubio is mostly silent about early childhood programs, although he once said he supported Head Start and thought that states—rather than the federal government—should control Head Start funding.<sup>19</sup> But Rubio has extensive proposals for K–12 and post-secondary education, many of which entail increasing the amount of choice in the system. He is an advocate, for example, of choice in K–12 education, which he would pursue by creating a school choice



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scholarship program and by supporting the expansion of charter schools at the state and local level. In addition to opposing the Common Core standards, he would prohibit federal mandates pertaining to curriculum or various standards at the state or local level. This commitment to choice is so deep that he even cosponsored legislation that would have allowed states to opt out of any or all federal accountability requirements.

Rubio also advances quite extensive proposals at the post-secondary level. He would consolidate the various tax incentives that subsidize higher education into one easy-to-understand and easy-to-administer tax provision, as well as simplify the notoriously complex and detailed Free Application for Federal Student Aid (FAFSA). Both the Bush and Obama administrations promised to simplify the FAFSA, but had moderate success, at best, in doing so. Similarly, Rubio promises to make more information available on the performance of post-secondary institutions, including information on graduation rates for nontraditional students as well as information on employment and earnings for graduates.

Because many students, especially low-income and minority students, have difficulties paying back their college loans, Rubio proposes to change the loan repayment rules so that students would pay an amount proportional to their earnings. Students who leave school with degrees and get good jobs with relatively high pay would have higher loan repayment rates than students who did not earn a degree and have relatively low earnings. He offers a number of other proposals, including making enrollment in online courses easier, increasing access to career and vocational education, and making more extensive use of apprenticeships and on-the-job training. Finally, Rubio would establish a new educational loan system, one in which approved investors could provide funds to students to pay for their education in return for a fixed percentage of their salary for a fixed period of time after the student graduates.

### TED CRUZ

Like Trump, Cruz proposes various tax reforms that support families; hence he regards them as a form of pro-family policy.<sup>20</sup> In his view, his tax reforms (as described below) would stimulate the economy, thereby creating more jobs at higher wages,

## Cruz is so concerned with federal interference in the educational prerogatives of states and localities that he cosponsored legislation to allow states to opt out of any and all requirements on accountability.

which would in turn increase family income. He opposes the expansion of federal provisions on family leave. His website makes it clear that, by opposing abortion and defining marriage as a union involving one man and one woman, he is advancing the “culture of life, marriage, and family” in the nation.

Cruz further argues, again like the other Republican candidates, that tax reform is the key to unleashing the power of the American economy. He supports a flat tax that he says will “reignite promise for millions of American families.” Citing a Tax Foundation study, he claims that the flat tax will boost GDP by nearly 14 percent, increase wages by over 12 percent, and create about 4.9 million new jobs.<sup>21</sup> The economy would be further strengthened, he argues, by his proposals on regulatory reform. He also supports an expansion of the EITC by 20 percent and would retain the Child Tax Credit.

Cruz strongly supports school choice and opposes the Common Core. He is so concerned with federal interference in the educational prerogatives of states and localities that, like Rubio, he cosponsored legislation to allow states to opt out of any and all requirements on accountability. He has also said that he would eliminate the Department of Education and send the saved money directly to the states.

### JOHN KASICH

As with most Republican candidates, Kasich talks about the importance of strong families, but he opposes family leave and has no proposals specifically directed at families.<sup>22</sup> In some of his speeches, he has argued that families need good training programs and a better education system, both of which will help parents get better jobs. He also believes in using government to supplement the income of low-income workers who have children.

As an active player in the sweeping 1996 welfare reform law (which passed when he chaired the House Budget Committee), Kasich has always emphasized the importance of work and has



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favored policies that require welfare recipients to work. In fact, he personally added a work requirement to the food stamp program that passed as part of the welfare reform law, and he has also sought to increase incentives to work (and raise the incomes of working families) by cutting taxes, sponsoring and enacting Ohio’s first Earned Income Tax Credit, and even doubling the value of the Ohio EITC a year after the original provision was enacted.

Finally, Kasich has several proposals to modify the 1996 welfare reform law, with the main objective of these proposals being to allow Ohio (and by implication other states) to help welfare recipients prepare for and find work. He, like nearly all the Republican candidates, thinks states should have more control over the details of most or all welfare programs.

As for education policy, Kasich favors local control of standards, testing, and regulation of the public schools, but he has also supported the Common Core curriculum. He is the only Republican candidate to emphasize his support for the Common Core, although Bush appears to have supported the Common Core in the past. Like the other Republican candidates, he is a strong supporter of school choice. As governor, he greatly increased the number of vouchers that can be used for school choice, as well as the number of schools with students who are eligible for choice vouchers. Finally, in his most innovative and far-reaching post-secondary education policy, he would make state support for post-secondary institutions dependent on the institution’s graduation rate and stability of tuition and other costs.

### JEB BUSH

Bush is explicit, both in his speeches and on his website, that he would fight poverty by promoting work and family.<sup>23</sup> He argues that children reared in married-couple families do better than children raised in single-parent families on a range of developmental outcomes. Not surprisingly, given his view on the importance of marriage, he features various marriage-

**As an active player in the sweeping 1996 welfare reform law, Kasich has always emphasized the importance of work and has favored policies that require welfare recipients to work.**



## Bush argues that children reared in married-couple families do better than children raised in single-parent families on a range of developmental outcomes.

promoting initiatives, including encouraging states to find ways to promote marriage, promoting family involvement among the young, and reforming the child support enforcement system. Whether these measures would actually have an impact on marriage rates is not clear.

Bush argues, again like most of the Republican candidates, that he can make jobs available by stimulating the economy. He promises a growth rate of 4 percent in the economy and the creation of 19 million new jobs thorough a three-part plan that entails “fixing” the tax code by reducing rates for individuals and businesses (as well as other changes), reducing “burdensome” regulations that stifle job creation, and ending Obamacare and several welfare programs that encourage dependency.

Bush also features a welfare reform plan that increases work incentives for people on welfare. First, he proposes to terminate nutrition programs (including food stamps), the Temporary Assistance for Needy Families (TANF) program, housing, and other programs. The outlays just for nutrition programs and housing in 2015 were about \$170 billion. Bush would convert these into a block grant for states and give them the responsibility to use the money to establish what he calls “Right to Rise Grants.” States would use these grants both to meet the needs of the poor and to help families establish self-sufficiency. He argues that giving states more flexibility in the use of welfare dollars “will open the door for transformative ideas to eliminate poverty and increase opportunity.”

And, finally, Bush has a host of proposals pertaining to education. His preschool plan, like his welfare plan, is nothing if not radical. He would end all the nation’s preschool programs (freeing up around \$22 billion by his estimate) and allow states to give this money to parents and permit them to choose the type and hours of preschool they prefer. Regarding K–12 education, he again has very aggressive reforms, including (a) expanding charter schools and allowing states to make federal funds “portable,” (b) rewarding schools that improve outcomes for low-income students by providing them with additional funds, (c) providing funds to reward good teachers in the lowest performing schools, and (d) requiring states to provide parents with



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data on student achievement in the schools in their area. His post-secondary proposals include giving high school graduates a line of credit of \$50,000 that would be repaid in an amount proportional to their income after leaving college, supplementing the line of credit for low-income students with need-based Pell grants, helping students to repay their loans, and providing financial incentives to colleges with low student failure rates.

### BEN CARSON

Carson stated in a speech to the Conservative Political Action Conference in 2015 that he wasn’t “interested” in eliminating the safety net. Rather, he wants to “get rid of dependency” and “find a way to allow people to excel in our society.”<sup>24</sup> His primary emphasis, as with many Republicans, is on reforming the tax code to spur economic growth. He believes his flat tax proposal will stimulate growth, helping everyone rise up and get ahead.

Within the family domain, Carson has opposed federal mandates for paid leave policies and equal pay for equal work. However, in an interview with John Harwood of CNBC, Carson said he wanted to use tax breaks to encourage businesses to provide child care facilities for inner-city single mothers.<sup>25</sup>

If Carson is a standard Republican in the family domain, he most surely is not in the work domain. Most notably, Carson has opposed the EITC, despite the strong bipartisan backing it enjoys. He says the EITC is a “manipulation” of the tax system. Moreover, he has voiced support for a minimum wage increase. In the September 16th GOP debate, Carson proposed a two-tier minimum wage: a “starter” wage for the young and a “sustaining” wage for older workers.<sup>26</sup>

But Carson’s most extensive proposals for increasing opportunity come in the form of education reform. Like most Republicans, he is a vocal promoter of K–12 school choice and a strong critic of federal mandates on curriculum and standards, favoring local control instead. He supports creating flexible block grants that would allow states to develop teacher evaluation systems and compensate teachers for good performance. He also highlights the high cost of college as a serious problem, especially for students from poor families, and supports

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more transparency in higher education financing, including “clear, easy-to-understand information about repayment rates and future earnings projections in [students’] chosen fields of study.”<sup>27</sup> He holds that private sector student loan financing would help control federal costs. To provide an incentive for post-secondary institutions to keep tuition and fees low, he proposes making public universities pay the interest on student loans while students pay the principal.



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### Reflections

The first and most obvious conclusion from this review is that there is a lot of poverty activism in the current election. Both of the Democratic candidates and most of the Republican candidates are featuring policies that they believe would reduce poverty and increase mobility by strengthening families, promoting work, and boosting education.

But not all candidates are activist in this sense. In each of these three areas, Trump and Cruz are far less active, with both seeming to believe that the best way to fight poverty and increase mobility is via a strong economy that is producing steady increases in jobs and wages. Of course, Democrats and Republicans alike believe that a good economy is essential to fighting poverty and increasing mobility, but only Trump and Cruz would rely almost exclusively on pro-growth policy.

There is also much consensus among the candidates on the key role of education and training in reducing poverty. The scholarly consensus on this point may account for this cross-candidate consistency. It is now widely agreed that, due in large part to technology and international competition, the American economy no longer delivers good jobs to those who aren't educated beyond high school.<sup>28</sup> For the last three decades or so, people who are not educated beyond high school have experienced, on average, declining income. It follows that any campaign devoted to reducing poverty and increasing upward mobility will rely on education and training proposals. All the candidates, except Trump and Cruz, have policies that are explicitly designed to ease the path to a four-year college or to help young people acquire new skills, especially by attending community colleges. Although education and training are almost always targeted, the way in which they are targeted and the depth and breadth (and cost) of the proposals differ widely across the candidates.

I have stressed the “poverty activism” of all the candidates save Trump and Cruz. There's nonetheless no denying that in all three areas, the two Democratic candidates propose more reforms—and more expensive reforms—than do the Republican candidates. The real outlier here is Sanders: He is especially generous in his proposals, the annual cost of which would be enormous. His proposal to make college free would, in and of itself, cost on the order of \$75 billion a year.

Although he claims to pay for his proposals, many economists would conclude that the resulting tax increases would have a negative impact on economic growth.<sup>29</sup> If Clinton's tax increases are more modest than those proposed by Sanders, they are considerable nonetheless.

The Republican candidates have, by contrast, not proposed any major tax increases. Indeed, they all propose tax cuts that do not appear to be paid for. It is not surprising, then, that their proposals to strengthen families, promote work, and improve education are “reallocative” in the sense that they would mostly use dollars that are already being spent in these areas.

But these dollars would be deployed in very different ways. The main difference: The Republicans would transfer authority over how the money is spent to parents and to states and localities. If the specific proposals being offered by Bush, Kasich, and Rubio on programs for the poor were adopted, it would represent a historic shift in responsibility and control from the federal government to the states and to parents. By contrast, Clinton and Sanders would greatly increase the amount of money controlled by the federal government, an increase mainly secured through tax increases on the rich.

The presidential election of 2016 is offering the nation a huge choice between the parties in both tax policy and the size and authority of the federal government to conduct social programs, especially programs designed to fight poverty and increase economic mobility. ☆

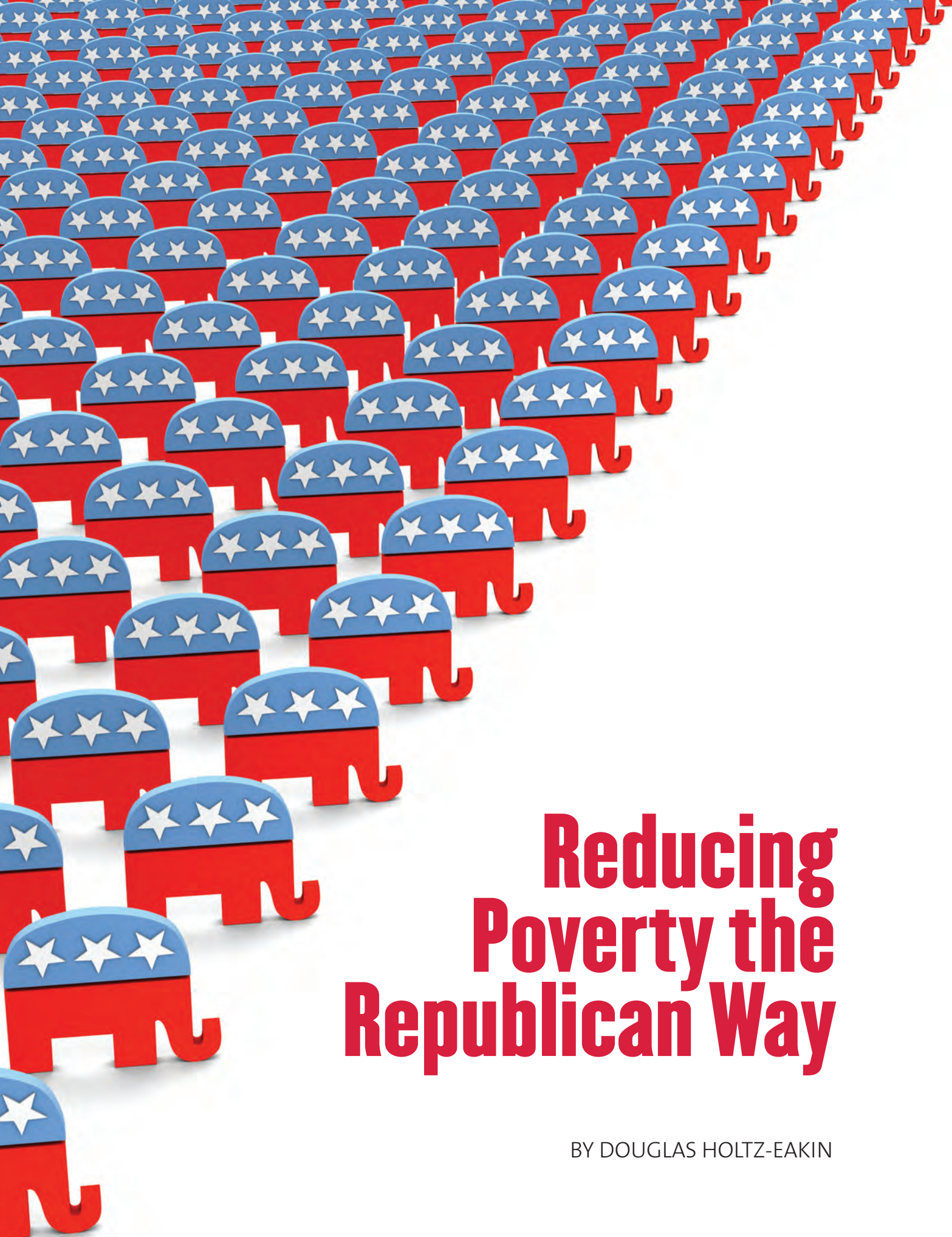
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# Reducing Poverty the Republican Way

BY DOUGLAS HOLTZ-EAKIN



**Poverty is emerging as a pressing policy issue on both sides of the ideological spectrum. Certainly U.S. poverty is too high and, worse yet, has risen of late. Among prime-age adults (18-to-64-year-olds), poverty rates hovered between 9 and 11 percent for much of the period from the 1960s to 2007.<sup>1</sup> With the advent of the Great Recession, poverty peaked at 13.8 percent in 2010 and has fallen only to 13.5 percent in 2014.**

The recent rise in poverty is attributable to poor economic growth policies during the Obama administration, while the sustained high rates of poverty over the past 50 years are striking evidence that we need new approaches to support economic success.

It is time to chart a new course. In this short essay, I outline principles and policies that conservatives and Republicans should use to guide the agenda for the future.

### Principles for Poverty Alleviation

Four principles summarize the approach:

- Solve the right problem. The problem is *not* poverty. The problem is that too many Americans are not self-sufficient.
- All policies should be pro-work. Work is valued—it is a source of pride and self-esteem, as well as the dividing line between the poor and non-poor.
- Taxpayer dollars must be accompanied by accountability for outcomes.
- Federal programs will fail without a social foundation of better parents and stronger marriages.

To elaborate, it is important to not frame the problem as poverty. Poverty is the scarcity of material resources—money—and the temptation will be to “solve” the problem by providing just that: money. The failure of the Great Society programs to lower poverty in a sustained fashion is evidence against such an approach. Instead, the problem is insufficient ability and opportunity to work. A truly self-sufficient individual is the best insurance against poverty.

That is why all policies should be pro-work. It may seem obvious and simple, but the dividing line

between the poor and non-poor is work. In 2014, the poverty rate for those who worked full-time was 3.0 percent, while it stood at 15.9 percent for those who worked less than full-time for a full year and at a striking 33.7 percent for those who worked less than one week during the year.<sup>2</sup> Despite this clear message in the data, too many policy initiatives do not support work.

Consider, for example, the recent proposals to sharply raise the minimum wage to \$15. There is little doubt that such a sharp rise would dampen employment growth, especially in the sectors most reliant on low-skilled, low-wage workers. The only question at issue is just how much employment growth would be dampened. This amounts to a perverse, redistributive policy that takes money away from someone who would get a job (and does not) toward someone who has a job. In part for this reason, it is unsurprising that only 7 percent of the benefits of raising the minimum wage to \$15 would accrue to those in poverty.<sup>3</sup>

Working is crucial and beneficial, but it is not enough to guarantee self-sufficiency. The dividing line between less success and more success in the labor market is education and skills. There needs to be a ruthless and unceasing focus on educational attainment. Usually, this is interpreted as simply spending more. But that will not work unless dollars are matched with accountability for student attainment.

Educational and workplace success are not anchored in schools and businesses alone. Conservatives also have to promote a new “best practice” of childbearing and parenting. Put bluntly, society’s message must be that school comes first, followed by getting a job. Third, if so inclined, comes marriage.

And then, and only then, is it time to have children. The reality is that doing it in any other order is a recipe for poverty.

Conservatives must also be prepared to help by improving access to parenting education. It is essential that the younger and less educated prosper in both the family and work realms. This cannot happen through economic growth and economic opportunity alone. That familiar economics-based approach has not produced stable lifestyles and rising marriage rates. Conservatives need to focus as well on social norms.

### A Policy Agenda

What policies would transform these principles into a concrete path forward? Without pretending to be exhaustive, I present a sampling of potential initiatives below.

#### PRO-GROWTH MACROECONOMIC POLICIES

Certainly, the starting point for improving the opportunity for work is better top-line economic growth.<sup>4</sup> From a growth perspective, America's future is in jeopardy. Over the postwar period from 1947 to 2007, economic growth averaged 3.2 percent, which translated into a doubling of gross domestic product (GDP) per capita roughly every 35 years. The Congressional Budget Office (CBO) now projects that the potential for future growth will be only 2 percent; this implies that it will take 75 years to double the standard of living.

Improving economic growth is the great imperative of this age. If growth happens, the gains in economic opportunity will be widely shared. That is, despite progressive rhetoric to the contrary, faster economic growth will improve the opportunities for the poor, the middle class, and the affluent alike.

It is accordingly the obligation of every policymaker to pursue policies that raise economic growth. Faster growth means greater opportunity for families, a more secure fiscal future, and a safer United States. Policies entailing onerous regulation, high taxes, massive debts, and restrictive energy production can be reversed. A program of entitlement reform, tax reform, regulation reform, immigration reform, energy reform, and other improvements can reverse the growth decline.

#### A PRO-WORK SOCIAL SAFETY NET

Faster growth will not alone address the need to make more Americans self-sufficient. The United States needs a widespread reform of the social safety net to reward work. In doing so, there are two models that stand out. The Earned Income Tax Credit (EITC) has been perhaps the most successful anti-poverty effort. Unfortunately, to date it has focused on families with children, especially single mothers. One possibility is to expand the EITC for childless families<sup>5</sup> or noncustodial parents. Alternatively, it might be useful to rethink entirely the package of wage supplements<sup>6</sup> for low-income Americans who choose to work, a rethinking that might well entail consolidation, transparency, and simplification.

The second model is the welfare reform of the 1990s that connected receipt of Temporary Assistance for Needy Families (TANF) with work requirements. The reform was highly suc-

cessful and could be replicated across the range of low-income assistance programs.

#### IMPROVING EDUCATION AND SKILLS

Ultimately, broader self-sufficiency is fundamentally linked to better educational outcomes across the life cycle. On this simple observation, there appears to be bipartisan agreement. But progressives seemingly have only one "solution": spend more taxpayer dollars on programs ranging from universal pre-kindergarten (pre-K) to free college to tax credits for workplace training.

Instead, the federal government should employ a more flexible strategy, one that provides information regarding best practices to states and encourages them to expand existing pre-K programs. Rather than create entire new programs, it should reform and improve Head Start programs to impose accountability for outcomes, enhance parental engagement to support their children's best interests, and permit money to "travel with children" away from failing providers.

Similarly, in K-12 education, a starting point would be to reform the Title I program to move to performance-based funding and portability of funding. Progressives fear this is a recipe for the growth of charter schools and voucher-like programs, but what should matter is that federal dollars should come paired with accountability for outcomes and the ability of parents to exit failing schools.

There is room for reform of colleges and universities as well, especially in the programs that help to finance post-high school studies. To begin, the existing Pell Grant program should be more tightly targeted to those who need it; indeed, the targeting should be tight enough that those who receive Pell Grants should not also be borrowing to finance their education. In addition, Pell Grant recipients and schools should be held accountable for outcomes, with continued support requiring recipients to pass their classes and stay on track for a timely graduation.

The student loan programs should once again be supported by private capital. There is no reason to believe that the Department of Education is a high-quality lender. It is not. Borrowers should have data available to choose among schools and should have support from loan counseling programs.

Finally, training should be structured to make sure that workers seeking new skills or credentials from proven programs, such as coding "boot camps," have access to education funding.

#### A SOCIAL FOUNDATION FOR SELF-SUFFICIENCY

The foregoing is the easy part. The hard part is improving the social foundation so that these policies make a difference. For students to succeed in school, they have to arrive at school with a better chance of success. That means better parenting. Conservatives need to embrace the reality that high-quality parenting produces a learning advantage for children.<sup>7</sup> Policy should focus on ensuring that low-income parents can receive information on how their parenting can affect their children's physical, emotional, and intellectual capabilities<sup>8</sup> and growth. It means being willing to commit taxpayer dollars to evidence-backed programs

that assist the parenting of low-income parents.

It also means putting off having children until parents are genuinely prepared to be parents. Responsibly delaying child-birth means avoiding unplanned pregnancies. The evidence here points to education regarding birth control options as central to success.<sup>9</sup> Some conservatives will be uncomfortable with positions other than “abstinence-only” education, but abstinence-only education is not supported by the facts<sup>10</sup> and could undermine otherwise successful strategies.

The good news for conservatives is that the data also suggest that successful parenting and child outcomes are most reliably achieved when there are two parents in a committed marriage.<sup>11</sup> While there is no obvious program or policy to reverse the decline in marriage in the United States, conservative leaders should be unequivocal in emphasizing the importance of marriage for responsible childbirth, effective parenting, and self-sufficiency.

## Conclusion

Conservatives and Republicans have much to offer in the debate over prolonged, elevated rates of poverty in the United States.

Their contribution can move past mere (correct) critiques of the failure of the 50-year War on Poverty and the empty progressive strategy of pouring more taxpayer dollars into the same failed programs. Instead, they can offer a proactive agenda, an agenda that starts by solving the right problem—making more Americans self-sufficient. The resulting policies will be pro-work, will enhance skills through reforms that ensure that taxpayer dollars are portable and are always conditioned on accountability for outcomes, and will rest on the social foundation of better parents and stronger marriages.

How do the Republican candidates conform to this set of principles? To date, not very well. Their campaign websites are either silent on many of these issues or lacking in specific policy proposals. Some of the current and former candidates—Cruz, Kasich, and Bush—support expanding the EITC, but others do not. And certainly, there has been no discussion of the social foundation needed for self-sufficiency. ☆

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# Reducing Poverty the Democratic Way

BY HARRY J. HOLZER



**By virtually all accounts, poverty in America is too high, and the opportunities for low-income children to succeed in life remain too low. The Democratic Party has traditionally led the fight for less poverty and more opportunity in America. I accordingly take on a simple question here: What policies should the 2016 Democratic nominee for president propose to address these problems?**

As an economist who studies poverty and opportunity, and also as a former Democratic political appointee,<sup>1</sup> my pragmatic view is that three key constraints should be taken into account if we are truly serious about making things happen: We need policies (1) that are based on the best available evidence on which factors limit economic success among the poor and which policies are most cost-effective in mitigating those factors; (2) that are consistent with the values and history of the Democratic Party, while adapting to current social and economic circumstances; and (3) that are consistent with the broad values of Americans, so that they can generate political support and, ultimately, some bipartisan appeal.

The factors that limit success among the poor are pretty clear. The most important are their low education levels and weak skills; the low pay for unskilled work in the United States, the correspondingly reduced incentive for many to remain in the job market, and the difficulty in finding or keeping jobs; and various “group-specific” barriers, such as growing up in a very poor family or neighborhood, having a criminal record, being a noncustodial parent, or having a disability.

The foregoing diagnosis leads directly to the prescription. What we need—very simply—are policies that will:

- Raise education and skills among poor children, youth, and adults.
- “Make work pay” for the unskilled, and make more jobs available to them when needed.
- Address the specific problems of such groups as ex-offenders, noncustodial parents, children in very poor families or neighborhoods, and people with disabilities.

The good news here is that decades of research suggest what works and what doesn’t when trying to accomplish the above goals. It goes without saying that our policy proposals should reflect that accumulated body of knowledge. As Democrats, we don’t expect the private sector or private charity to do all the necessary work, much as we might wish that to

be the case. Instead, there is a serious policy role for government to play, a role that might require somewhat greater public resources than have historically been dedicated to the task.

At the same time, American voters—and especially our Republican friends and colleagues—will correctly insist that our programs must be cost-effective and fiscally sound so that they do not contribute to rising federal deficits. Programs that do not work should be eliminated. And those that we keep or put in place should not discourage work or stable family formation, as both are critical for raising incomes and promoting opportunity for poor children.

### **Raising Education and Skills among the Poor**

These constraints can be met. Over the long term, the most important policy for lowering poverty and raising opportunity is to improve the education and skills of low-income children, youth, and adults. If anything, the gaps in schooling between poor children and others are rising.<sup>2</sup> In an economy that values and rewards education more than ever before, these gaps must be closed.

But two additional points need to be addressed by any skill-growing policy. First, many poor youth, as well as adults, now enroll in college, especially community or for-profit colleges. Many have Pell Grants to pay all or most of their tuition. The fundamental problem is that their completion rates are very low, reflecting weaker academic preparation in the K–12 years and other challenges. Second, even when they do successfully attain credentials like associate (AA) degrees, too few are in fields that the labor market rewards. The challenge, then, is to ramp up the amount of training for the poor in strong “career pathways” and high-demand sectors *and* to ensure that they complete such training.

Given this range of problems, an appropriate set of policies is needed to expand access to high-quality training, ensure retention, and ensure that training is targeted to high-demand sectors. Such policies would include:

- Expanding the availability of high-quality pre-K programs for low-income children.
- Increasing the number of effective teachers in strong science/technology/engineering/math (STEM) programs in poor school districts, and enabling more low-income children to choose and attend schools that have them.
- In high school, making sure that more high-quality career and technical education (CTE) and work-based learning is available.
- Rewarding public colleges with more funding if they raise completion rates and earnings among poor students.
- Making it easier for poor students to use their Pell Grants in short-term or non-credit programs that clearly have labor market value, or for apprenticeships and other forms of work-based learning.

This is *not* a laundry list. It is a targeted set of programs that address the key problems and exploit what we know about what works and what doesn't. There are, it should be stressed, notable omissions here: I am somewhat less interested, for example, in universal pre-K and am more interested in assuring access to high-quality pre-K programs for all low-income children.<sup>3</sup> This is because spending very scarce public resources to pay for pre-K for middle- and upper-income children makes little sense to me. Also, poor children can have access to good math and science instruction in a variety of ways, through traditional public schools, as well as in the best charter programs.

High-quality CTE, unlike old-fashioned vocational education, does not track students away from college and lock them into dead-end jobs. The best CTE programs—like Career Academies or apprenticeships—give students strong academic skills, plus more specific occupational training and work-based learning, providing them with both post-secondary education and career options after high school.<sup>4</sup>

As for higher education, we must help the public institutions that most poor students attend—especially community colleges—by providing more resources and clearer incentives to spend those resources cost-effectively. Basing additional public subsidies to these institutions on the academic and job market outcomes of their poor students is warranted.<sup>5</sup> And making it easier for them to use their Pell Grants in certificate programs that have labor market rewards would help as well.

I do not think that free community college should be an immediate top priority. Again, subsidizing college attendance for middle- and upper-income students in a world of very scarce resources makes less sense than targeting these resources to the practices and services that will best serve low-income students successfully and prepare them for the future.

### Making Work Pay and Jobs More Available

When people with low skills work, their pay in the United States is usually very low. This not only means that they struggle to support their families, but it also discourages many workers who expected to have higher wages and benefits, which then leads some to drop out of the workforce. Indeed, falling labor force participation, especially among those well below retirement age,

threatens the productive capacity of the U.S. economy, as well as the families and communities in which these workers reside.

We have two prominent ways of “making work pay”: raising the minimum wage and expanding the Earned Income Tax Credit (EITC). Regarding the minimum wage, we should certainly raise it, but only to levels that do not greatly threaten job loss among the young and less-educated. In my view, a moderate increase—perhaps to \$10 or so—would meet this objective.<sup>6</sup>

On the EITC, one group of poor adults now benefits very little from it: childless adults, especially noncustodial parents. A childless adult EITC (in the amount of \$1,500–\$2,000) should raise their incentives to accept and keep low-wage jobs, as well as their ability to support families.<sup>7</sup>

But some poor youth or adults have great difficulty finding or keeping employment. This is especially so when recessions occur, if they live in depressed regions of the country, or if their work-readiness is very limited. Making sure that they have access to employment is critical. At the same time, public service jobs for the poor are very expensive and often have little long-term impact on their earnings; and tax credits to employers for hiring the poor also have little positive impact over time.

Instead, the government should build on its relatively successful experience during the Great Recession of subsidizing jobs for poor and unemployed workers through its Emergency TANF program, in which about 250,000 such jobs were created quickly in the private and public sectors.<sup>8</sup> These subsidized jobs should be made available even in good times in depressed regions, while even more should be created when the economy weakens.

### Helping Specific Groups

The final task is helping particular groups that face more specific problems. Besides raising skills, making work pay, and ensuring job availability, particular groups of low-income children and adults face specific problems and barriers that need specific solutions. Several are pervasive enough or critical enough that they clearly merit attention in any effort to fight poverty and improve opportunity.

For instance, low-income men, especially among African Americans, frequently have criminal records, as well as child support orders for noncustodial children on which they are behind in payment (or in “arrears”). The criminal records strongly deter employers from hiring them, and the high taxes on the earnings of those in arrears often deter these men from formally taking and keeping low-wage jobs.<sup>9</sup>

A range of policies and programs are needed to deal with these problems. Some focus on prevention, including alternatives to criminalizing drug use or jailing minor parole violators and policies to encourage responsible use of contraception to prevent unwed fatherhood. Others encourage states to reduce legal barriers to employment for offenders and offer arrears management. Expanding public funding for effective “transitional jobs” and fatherhood programs should also be in the mix.

People with disabilities present a different problem. Currently, the federal disability insurance (DI) program encourages

those who meet its eligibility requirements to never work again, thus limiting opportunity for these individuals and their families. A range of reforms that encourage and reward workers and employers for maintaining employment, rather than entering permanent nonemployment, have been proposed, and these deserve to be carefully evaluated.<sup>10</sup> Even programs like the Supplemental Nutrition Assistance Program (SNAP, formerly known as the Food Stamp Program), which does not appear to discourage much work *per se*, might do more to help recipients regain employment. But all of this needs to be done without punishing those who truly cannot work and need income support.

Children growing up in families with very low incomes also need more help, especially in the summer months (when they lose access to school breakfasts and lunch) and in periods when their parents and guardians lose employment. Strengthening income support and basic services for children in these circumstances is essential.

Finally, children growing up in impoverished neighborhoods also need help. Recent research by Raj Chetty and Nathaniel Hendren proves beyond a doubt that children who reside in poor neighborhoods have more limited opportunity for upward mobility than those growing up elsewhere.<sup>11</sup> A range of policies to help these children have been proposed and tested over time. Some involve helping them and their families move to less-poor neighborhoods; others seek to improve their access to better schools and jobs in their regions; and still others involve strengthening the communities in which they live and the services provided there.<sup>12</sup> All of these approaches merit further experimentation and evaluation, before being implemented on a broader scale.

## Conclusion

Poverty rates in America remain much too high, and opportunities for upward mobility among those raised in poverty remain much too low. The Democratic nominee for president in 2016 must propose policies that balance compassion with cost-effectiveness and that can gain electoral support and ultimately bipartisan cooperation. An agenda that sensibly combines improving skills, making work pay, ensuring job availability, and addressing group-specific barriers at modest budgetary cost can meet these requirements.

To some extent, and in their own ways, the two leading candidates for the Democratic presidential nomination have embraced elements of this agenda. Both Hillary Clinton and Bernie Sanders have called for universal, high-quality pre-K, as well as hefty increases in the federal minimum wage (Clinton to \$12 an hour, and Sanders to \$15). In addition, Clinton has emphasized the need to train and recruit more high-quality teachers in K–12 education; to expand apprenticeships; to allow the use of Pell Grants for a wider range of credentials with labor market value; to provide more resources to community colleges, as well as insist on accountability in delivering those resources; and to reduce incarceration and help ex-offenders re-enter society. Among other ideas, Sanders has called for a youth employment program that creates 1 million new jobs.

Is this enough? No. I look forward to the time when the Democratic nominee proposes and embraces other elements of the agenda I've described above more fully. ☆

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## Notes

1. I served as Chief Economist of the U.S. Department of Labor in the Clinton administration. I have also recently served as an advisor to the Hillary Clinton presidential campaign on workforce development policies, but the views expressed below are strictly my own.

2. AEI/Brookings Working Group on Poverty and Opportunity. 2015. *Opportunity, Responsibility and Security: A Consensus Plan for Reducing Poverty and Restoring the American Dream*. Washington, D.C.: American Enterprise Institute for Public Policy Research and Brookings Institution.

3. Cascio, Elizabeth, and Diane Whitmore Schanzenbach. 2014. "Expanding Preschool Access for Disadvantaged Children." In M. Kearney and B. Harris, eds., *Policies to Address Poverty in America*. Washington, D.C.: The Hamilton Project, Brookings Institution.

4. Holzer, Harry J., Dane Linn, and Wanda Monthey. 2013. *The Promise of High-Quality Career and Technical Education*. New York: The College Board.

5. Holzer, Harry J. 2014. "Improving Employment Outcomes for Disadvantaged Students." In M. Kearney and B. Harris, eds., *Policies to Address Poverty in America*. Washington, D.C.: The Hamilton Project, Brookings Institution.

6. Congressional Budget Office (CBO). 2014. *The Effects of a Minimum Wage Increase on Employment and Family Income*. Washington, D.C.: CBO.

7. MDRC. 2015. *Paycheck Plus: Making Work Pay for Low-Income Single Adults*. New York: MDRC.

8. Roder, Anne, and Mark Elliott. 2013. *Stimulating Opportunity: The Effects of the ARRA Emergency Jobs Program*. New York:

Economic Mobility Corporation, Inc.

9. Edelman, Peter, Harry J. Holzer, and Paul Offner. 2006. *Reconnecting Disadvantaged Young Men*. Washington, D.C.: Urban Institute Press.

10. Liebman, Jeffrey, and Jack Smalligan. 2012. *An Evidence-Based Path to Disability Insurance Reform*. Washington, D.C.: The Hamilton Project, Brookings Institution.

11. Chetty, Raj, and Nathaniel Hendren. 2015. *The Impact of Neighborhoods on Intergenerational Mobility*. Cambridge, MA: National Bureau of Economic Research.

12. Reeves, Richard, and Allegra Pociński. 2015. *Space, Place, Race: Six Policies to Improve Social Mobility*. Washington, D.C.: Brookings Institution.





## Why Aren't Americans Angrier About Rising





BY JEFF MANZA  
AND CLEM BROOKS

**Four decades of rising income and wealth inequality, combined with stagnating or even declining real wages for a majority of the American workforce, would appear to have changed the political landscape.**

Politicians on both sides of the aisle, including most of the presidential candidates seeking office in 2016, express at least some measure of concern about stagnating incomes and rising inequality (albeit with varying degrees of sincerity and wildly diverging policy prescriptions). After 20 years of social science research documenting inequality trends and Occupy Wall Street's mobilization, inequality appears to have become an essential part of the national political discourse. The writer and critic Thomas Frank has appropriately (if snarkily) referred to the growing deluge of writing and talking about inequality as a "tsunami of sad," noting that so many books have appeared in recent years that authors are having trouble finding distinctive titles.<sup>1</sup>

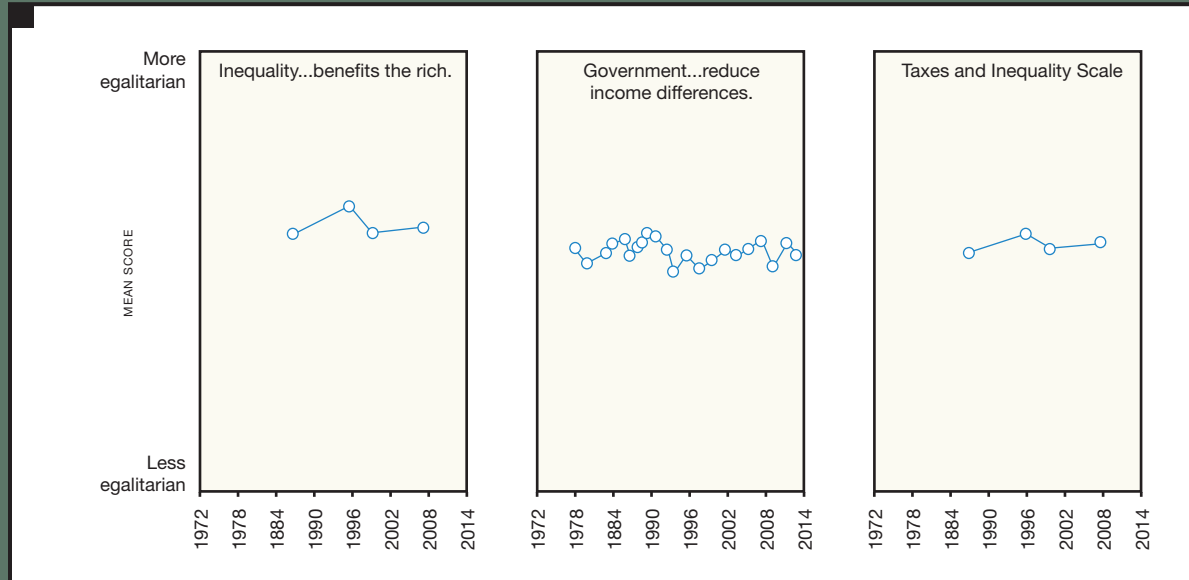
It is important, however, to distinguish this political and academic response from the sentiments of the public. How, then, has the *mass public* responded to these critical trends in the distribution of income and wealth? A long tradition of research in political economy suggests that trends of this very sort will inevitably spur increased demands for redistribution. Questions about public preferences are thus important for both theory and policy, as it would be startling—and contrary to much of the existing research—to discover that rising inequality on the scale that has been observed in the United States over the past four decades has not had consequences for preferences regarding government policies and demands for redistribution. We might even think of the increase in inequality as an experiment in how public opinion is, or is not, impacted by such a profound historical shock.

The results from this experiment are, it turns out, not so clear when it comes to expressed public sentiment. Although there are some countervailing forces, such as the 2016 presidential campaign of self-described democratic socialist Bernie Sanders and a handful of successful state initiatives to slightly raise taxes on very high earners, we have not seen much evidence that redistributive sentiments have moved in an extensive and consistently egalitarian direction in recent years. This surprising result is the topic of our article.

## Inequality?



FIGURE 1. Opinion Trends on Taxes and Inequality



Source: General Social Survey.

### The Surprising Quiescence of Public Opinion

Before explaining this result, it's important to first document it, which we can do using data from the General Social Survey (GSS), a longstanding and widely analyzed ongoing survey of Americans' social and political attitudes. In Figure 1, we present mean responses to two repeated GSS items and a scale of the four most commonly fielded of these items. Higher scores indicate greater support for egalitarian policies or sentiments. We can directly compare levels and trends because the data are plotted across the full range of each item (and across the highest versus lowest score for the scale). Taken as a whole, these data suggest an important portrait in which there is, overall, only a very modest shift toward support for egalitarian policy measures. Looking across all available GSS inequality items (we identify 11 such items in all),<sup>2</sup> the average shift is a humble +.06 standard units. This doesn't look like the energized and concerned public that much political economy scholarship leads us to expect.

### Explaining Nonresponsiveness

What factors might explain this puzzling pattern of tepid public responsiveness to the massive and ongoing increase in inequality? Could data of the sort we have presented be indicative of an unwillingness on the part of the public to substantially rethink what government could do to rein in inequality?

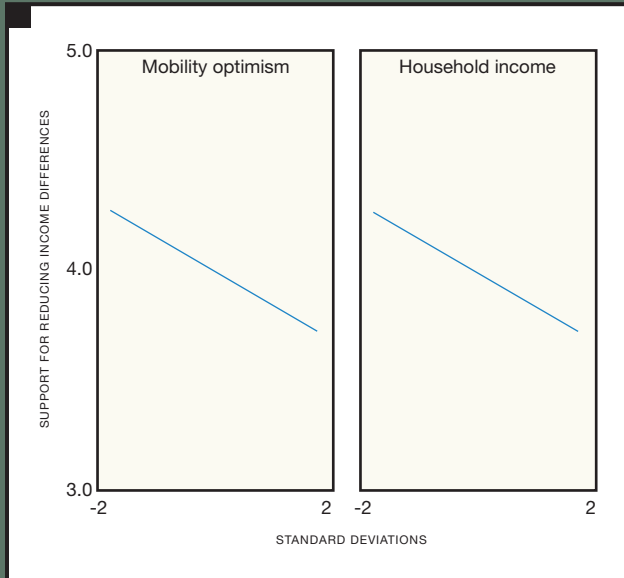
There is no shortage of hypotheses about the sources of this result. The best-known hypotheses include, for example, the claims that elite leadership on the question of inequality and how to respond to it is lacking; that the United States famously lacks a social democratic or labor party that might assume the oppositional mantle; that, until recently, inequality had received at best mixed attention from a Democratic Party that relies

on immense donations from wealthy Americans and corporate political action committees; that unions are declining in strength and no longer have the power to lead an oppositional movement; and that other egalitarian social movements (e.g., the 2011 Occupy Wall Street movement) have, for a variety of reasons, been too weak to constitute much pressure for reducing inequality.

The foregoing hypotheses are all about the weakness of left-leaning organizations. The second stream of hypotheses focus instead on the rising power of anti-egalitarian political elites and media on the right of the political spectrum. Since the 1970s, there has been a steady rightward shift inside the Republican Party at the elite level, punctuated by the election of Ronald Reagan to the presidency in 1980, the ascendancy of Newt Gingrich and his "Contract with America" in 1994, and a growing reliance on tax-cutting and deregulation as policy solutions.<sup>3</sup> There is also a social movement foundation for these developments, exemplified by the rise of the Tea Party in 2009 and, more generally, an increasingly aggressive and confident conservative movement with an "echo chamber" located in talk radio, Fox News, and *The Wall Street Journal* that effectively messages anti-government sentiments to a large audience of conservatives.<sup>4</sup>

A third line of possible explanation is that, even if Americans favor redistribution in principle, they don't want it to be done by the federal government. This view, which has deep roots in post-war public-opinion research, suggests that low trust or declining confidence in government may help explain why Americans have failed to embrace egalitarian policy attitudes.<sup>5</sup> Even if they support the principle of redistribution, many Americans do not favor enhanced government intervention to achieve it. In a 2009 book, Lawrence Jacobs and Benjamin Page characterized the

FIGURE 2. Predicted Attitudes Toward Reducing Income Differences



Source: Authors' analysis of General Social Survey.

predominant view on inequality among the public as “conservative egalitarians,” favoring equality in principle, but opposing policy interventions that might actually impact the distribution of income and wealth.<sup>6</sup>

A fourth possible explanation is that information deficits limit public responses. By this account, limited knowledge about trends in income and wealth, or about the potential for redistribution through government policies, distorts policy preferences and reduces possibilities for “rational” responses to social and economic trends. In the formulation of Larry Bartels, poorly informed Americans resemble the bumbling cartoon character Homer Simpson; they support, for instance, regressive tax cuts because they fail to grasp such fundamental facts as how less than 1 percent of estates are typically subject to inheritance taxes in the first place.<sup>7</sup> This proposition has been tested—and for the most part rejected—in an important recent study by Ilyana Kuziemko and her colleagues.<sup>8</sup>

We address here a fifth—and we think especially important—hypothesis about the sources of public quiescence. Our analysis of opinion trends explores a scenario with roots in the classics of mid-century social science: that a disposition among many Americans to embrace optimistic views about the mobility structure of U.S. society often curbs the formation of redistributive policy preferences. What we term “mobility optimism” has its roots in longstanding ideas of the American Dream. To the extent that this optimism about social mobility still holds, this may confound support for taxes and redistributive policies. For example, mobility optimists may simultaneously express hostility to the “rich” or the “1 percent” and harbor doubts about the “fairness” of the economy. But they may also retain a belief in the promise of their own (or their children’s) economic pros-

pects that insulates them from reacting to historical trends with more vigorous support for policy reform efforts.

While our investigation (and that of other scholars as well) is ongoing, we present here some simple results that suggest the relevance of mobility optimism in shaping responses to rising inequality. We again use data from the repeated General Social Surveys. We focus on responses to one of the most frequently fielded inequality items, which asks whether “the government in Washington ought to reduce the income differences between the rich and the poor, perhaps by raising the taxes of wealthy families.” We predict responses to this item using a new measure of mobility optimism, alongside a host of controls for such relevant factors as respondents’ partisanship, economic evaluations, unemployment status, age, union membership, class identification, and household income. Our measure of mobility optimism combines responses to a pair of GSS items. The first item asks respondents to respond to the prompt: “The way things are in America, people like me and my family have a good chance of improving our standard of living.” The second item asks respondents to evaluate their “own standard of living now” in comparison to their parents. Higher scores on the resultant scale indicate greater optimism.

Figure 2 displays predicted attitudes toward reducing income differences as a function of mobility optimism and household income. To facilitate comparisons, we vary these two independent variables across a  $\pm 2$  standard unit range when predicting attitudes. In the first chart of Figure 2, the effects of mobility optimism are notable and non-trivial. This can be seen by making a comparison with the predictions for household income. Because income is well-known to be a fundamental determinant of attitudes toward inequality, it is impressive to find that mobility optimism matters just as much.

### Concluding Thoughts

In 2005, an American Political Science Task Force on Inequality asserted in a collectively authored volume that “studying changes in political behavior and public opinion over time is essential to evaluate the impact of rising economic inequality.”<sup>9</sup> Such a recommendation should also apply to those cases where attitudes and political behaviors have changed *less* than expected. Analyzing repeated General Social Surveys through 2014, we find precisely this kind of puzzle: In spite of rising inequality, the mass public has failed to shift (in the aggregate) in expected directions. We believe this is an important, yet under-acknowledged, challenge for scholars seeking to understand the politics of rising inequality in the United States.

The persisting strength of mobility optimism and other sources of public reluctance to embrace redistribution suggests one reason that Democratic Party politicians appear to have failed to get public traction beyond their base by using anti-inequality themes and sound bites. There is an irony in the growing scholarly and journalistic literature focusing on the failures of the U.S. economy to produce results matching the ideals of the American Dream.<sup>10</sup> These commentaries stress how the emerging economic order is at odds with the premises of

widespread opportunity and mobility, yet they appear to simultaneously miss the power of mobility optimism as a symbolic filter on how Americans reason about inequality and redistribution. Of course, it is possible that the degree or relevance of mobility optimism will *ultimately* erode in the face of New Gilded Age realities. But through 2014 at least, beliefs about mobility and opportunity are of robust relevance to policy attitudes, however much they may fail to square with actual opportunities for mobility. It is time for scholars and political commentators alike to take seriously mobility optimism as an important part of how the public reasons about issues of inequality and redistribution.

Presidential campaigns can sometimes become vehicles for prompting a new national dialogue over important questions. At the time of this article's writing, Democratic candidate Bernie Sanders had just won a decisive victory in the New Hampshire

primary with a message advocating egalitarian and redistributive themes, and has pushed his primary opponent, Hillary Clinton, to articulate a more aggressively redistributive agenda. However, even in the event that Sanders were to win the nomination, he would be vying with the Republican nominee under the scrutiny of an electorate that, we suspect, would not have yet fully updated its policy attitudes. The broader hope of progressives and, indeed, the governing theory of the Sanders campaign<sup>11</sup>—that rising citizen demands for redistribution can reshape the policy environment—appears, at best, to be very slow in coming and to be countered by a very powerful set of forces including an enduring mobility trope. ☆

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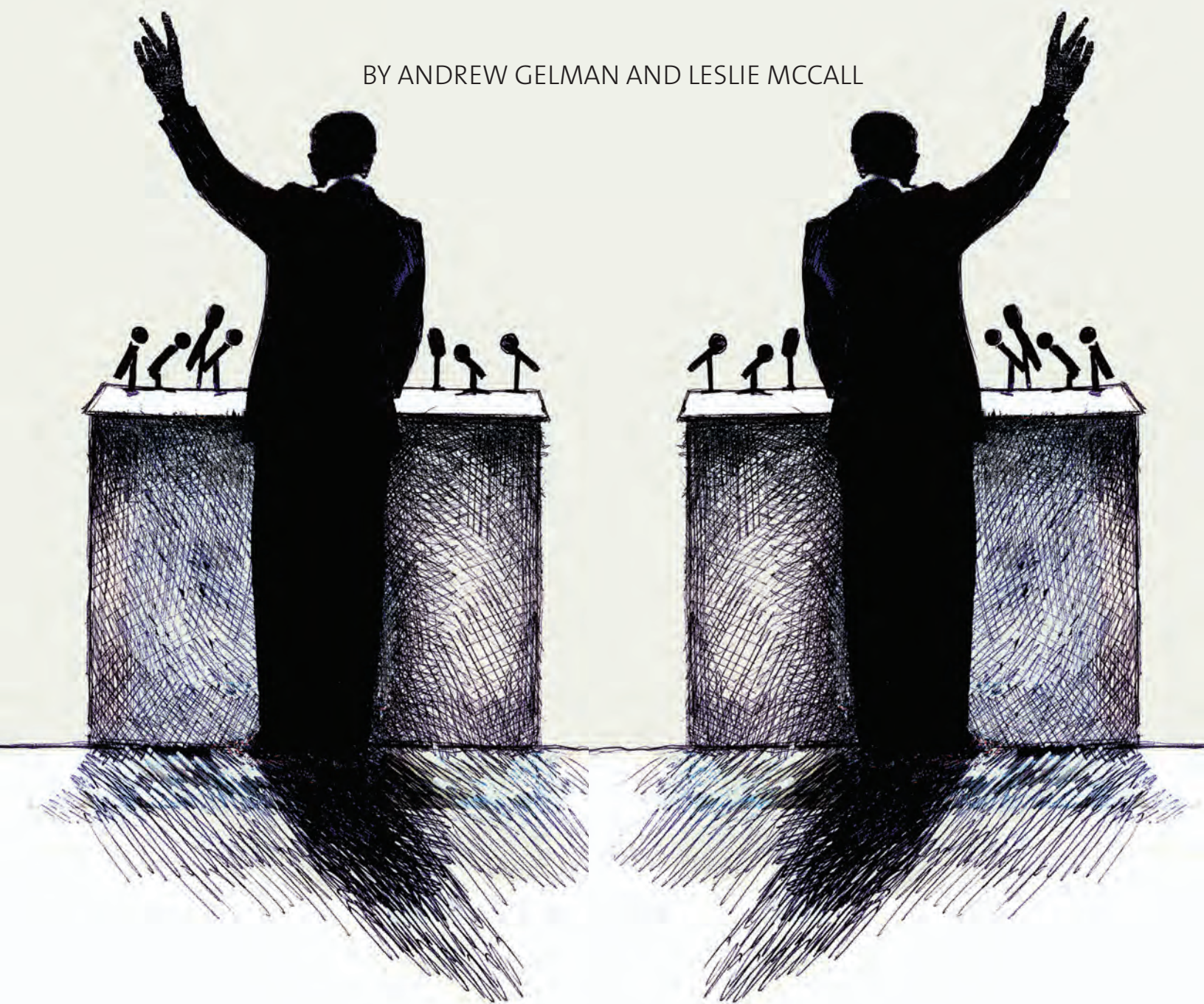
## Notes

1. Frank, Thomas. 2013. "Storybook Plutocracy." Public Books. Available at <http://www.publicbooks.org/nonfiction/storybook-plutocracy>. Frank himself has now contributed to the tsunami with his 2016 book, *Listen Liberal: Or Whatever Happened to the Party of the People?* New York: Metropolitan Books.
2. For a more detailed and extended analysis, see Manza, Jeff, and Clem Brooks. n.d. "Prisoners of the American Dream? Public Responses to Rising Inequality," unpublished ms., Department of Sociology, New York University.
3. See, for example, McCarty, Nolan, Keith Poole and Howard Rosenthal. 2006. *Polarized America: The Dance of Ideology and Unequal Riches*. Cambridge, MA: MIT Press.
4. Jamieson, Kathleen H., and Joseph Cappella. 2010. *Echo Chamber: Rush Limbaugh and the Conservative Media Establishment*. New York: Oxford University Press.
5. Hetherington, Marc. 2006. *Why Trust Matters: Declining Political Trust and the Demise of American Liberalism*. Princeton, NJ: Princeton University Press.
6. Page, Benjamin, and Lawrence Jacobs. 2009. *Class War? What Americans Really Think About Economic Inequality*. Chicago: University of Chicago Press.
7. Bartels, Larry. 2008. *Unequal Democracy*. Princeton, NJ: Princeton University Press.
8. See Kuziemko, Ilyana, Michael I. Norton, Emmanuel Saez, and Stefanie Stancheva. 2015. "How Elastic Are Preferences for Redistribution? Evidence from Randomized Survey Experiments." *American Economic Review*, 105, 1478–1508. The authors present results from a series of online survey experiments using Amazon's Mechanical Turk, where respondents are treated with "customized information" about rising income inequality and tax rates in the contemporary United States. They find that the provision of information increases the salience that respondents attach to inequality, but their larger result concerns the formation of policy attitudes. Here, they find that information has small (and in many cases nil) impact on respondents' willingness to support specific redistribution measures (with the sole exception of the estate tax, where telling respondents that only 0.2% of all American households are now subject to the tax significantly increases support for expanding it). Among the policies with respect to which Kuziemko et al. (2015, pp. 1490–1491) report small-to-no treatment effects are respondents' preferred tax rate on the richest 1 percent of Americans and on millionaires, government provision of food stamps, minimum wage laws, and the Earned Income Tax Credit.
9. Skocpol, Theda, and Lawrence Jacobs. 2005. *Inequality and American Democracy*. New York: Russell Sage Foundation Press, p. 215.
10. See, for example, Bartlett, Donald, and James Steele. 2012. *The Betrayal of the American Dream*. New York: Public Affairs Books; Hedrick Smith. 2012. *Who Stole the American Dream?* New York: Random House; Packer, George. 2014. *The Unwinding: An Inner History of America*. New York: Farrar, Straus and Giroux; and Putnam, Robert. 2015. *Our Kids: The American Dream in Crisis*. New York: Simon and Shuster.
11. See Ornstein, Norm. 2016. "Why Bernie Sanders Can't Govern." *The Atlantic*, February 5, 2016. Available at <http://www.theatlantic.com/politics/archive/2016/02/why-bernie-sanders-cant-win-and-cant-govern/460182/>.



# Will Public Opinion about Inequality Be Packaged into Neatly Partisan Positions?

BY ANDREW GELMAN AND LESLIE MCCALL



Nowadays, “inequality” is prominent in many political and social agendas, with concern about inequalities in income and wealth, political access, human and social capital, and gender and racial outcomes. In this article, we focus on the political aspects of economic inequality, but these other dimensions will enter at various points as well.

To start we describe how economic inequality is typically framed within general partisan conflict over the nature of the economy and government policy. In the first part of the article, we examine (a) the views of liberal and conservative politicians on the inequality issue and (b) the views that politicians and other elites (such as journalists and academics) have of public opinion about inequality. Our main argument is that, owing to the novelty and complexity of the issue, these responses are still in formation and that divisions are visible within political parties, as well as between them. In the second part of the article, we offer an alternative—and more coherent and centrist—perspective on the issue, rooted in research on how the public views the particular issue of economic inequality, rather than in how they think about broader liberal and conservative platforms. Our main argument throughout is that efforts to force public views about inequality into conventional partisan politics do violence to the foundation of these public views.

### The Political Debate over Economic Inequality

The problem arises in part because discussion of economic inequality is closely tied to discussion of its commonly held remedies. This is unfortunate because the outlines of such remedies were drawn many decades ago, predating the dramatic rise of economic inequality since the 1970s; consequently, they are not necessarily well-suited to the current state of affairs. Liberals (as the term is used in the United States) favor expansionary policies and economic redistribution via progressive taxes and social programs; thus, they have a motivation to focus on inequality as a growing problem. Conservatives have traditionally accepted inequality of outcomes as a natural part of society and, when pressed on the issue, focus instead on expanding economic opportunity. We term these the “equalizing outcomes” and “equalizing opportunities” approaches; they comprise the core rubrics of the liberal and conservative canons, respectively, when addressing issues of inequality.

To move to deeper (and murkier) explanations, liberals remain unsure as to whether our modern economy is unsustainable and must be stopped, or whether it is so productive that we can afford generous social spending. Conservatives are likewise divided, between the view that we have been spending beyond our means and must cut back and the view that we are richer than ever before and should not slow down the capitalist system that has the potential to enrich the world’s population.

These distinctions matter because they determine where one sees the problem (if any) of inequality and where one might see solutions in some mix of economic fundamentals, redistributive government policy, or rewriting the rules of the game.

Similarly, when it comes to the trend of economic inequality itself, conservatives oscillate uncomfortably between three somewhat contradictory positions:

- *Inequality in the United States is not actually high, nor is it increasing.* Once you correct for economic mobility, transfer payments, investments in housing, and other factors, this position holds that the apparent increase in income inequality goes away,<sup>1</sup> and that indeed it is worse in the social democratic countries of Europe. This is mainly an argument made by experts and academics, however, rather than by politicians, most of whom have acknowledged perceptions of growing economic hardship among ordinary Americans (e.g., Jeb Bush’s Right to Rise super PAC, Marco Rubio’s plan to expand the Earned Income Tax Credit, and Donald Trump’s populist economic positions on taxes, immigrant labor, and trade), recalling similar pitches by politicians such as Patrick Buchanan in the 1990s when the issue of rising inequality first gained public attention.<sup>2</sup>
- *Inequality is increasing, and it got worse under the Clinton and Obama administrations.* Although it’s a debated point, some evidence does suggest that inequality gets worse under Democratic administrations (e.g., using state-level data from 1981–2001).<sup>3</sup>
- *Inequality is fair, and it’s the engine that runs the successful American economy.* Under this position, it is stressed that the economy benefits those who are more economically productive,<sup>4</sup> and, moreover, the prospect of more pay for better work sparks innovation. This approach necessitates the focus on equality of opportunity (to maximize human capital potential), rather than on equality of outcomes.

From the other direction, liberals have a more consistent position of seeking a decrease in economic inequality via some mix of regulations, taxes, and transfer payments. But two challenges emerge here: First, there is a general discrediting of economic redistribution in the United States because economic growth, rather than the welfare state, has historically been seen by the public as the real equality-generating machine. And second, there is the practical difficulty of implementing such

programs in an economically conservative, racially inflected, and divided political climate. If overt redistribution could not be enacted during the period of the Democratic Party's control of Congress and the presidency following the 2008 election, what hope could there be now for such a stalwartly liberal solution to the problem of inequality?

In the debates over the federal budget following the Great Recession, for instance, liberals favored an economic stimulus—deficit spending—right away, while conservatives argued that not only should we decrease the deficit, but that our entire fiscal structure was unsustainable, and that we couldn't afford the generous pensions and health care that had been promised to everyone. The euro crisis is often taken by fiscal conservatives as a signal that the modern welfare state is a pyramid scheme and that something has to get cut.

When the discussion shifts to the standard of living of the middle class, however, we get a complete reversal of the usual liberal and conservative perspectives on fiscal issues. Following popular research by Elizabeth Warren on the rise of bankruptcy,<sup>5</sup> liberals who are fine with deficits at the national level argue that, in the words of Michael Norton, “the expansion of consumer credit in the United States has allowed middle class and poor Americans to live beyond their means, masking their lack of wealth by increasing their debt.”<sup>6</sup> From the other direction, conservatives argue that Americans are doing just fine, with Scott Winship reporting that “four in five Americans have exceeded the income their parents had at the same age.”<sup>7</sup>

From the left, we hear that America is rich but that Americans are broke. From the right, the story is the opposite: America is broke—along with Europe and Japan—but individual Americans are doing fine.

We see the political logic to these positions. If you start from the (American-style) liberal perspective favoring government intervention in the economy, you'll want to argue that (a) people are broke and need the government's help and that (b) we as a society can afford it. If you start from the conservative perspective favoring minimal government intervention, you'll want to argue that (a) people are doing just fine as they are (or if they aren't, it's the fault of safety-net programs for disincentivizing work) and that (b) we can't afford to help them anyway.

As we alluded to above, these discussions feed into—and at times are eclipsed by—more general concerns about the strength of the economy. Efforts to redistribute wealth are not necessarily more popular during periods of economic hardship, when economic opportunities appear to be narrowing and government assistance appears to be aiding only the poor and not the broad middle class. Hence, conservatives often invoke the argument that overall economic growth will expand economic opportunity and provide the best cure for inequality, whereas liberals often invoke the argument that a tight labor market

improves workers' bargaining power, or they focus directly on intervening in the labor market by such measures as raising the statutory minimum wage. We shall return to these important economy-centered solutions (as opposed to government-centered solutions) in the discussion of our alternative approach.

Thus, there are political debates over the causes and consequences of economic inequality, as well as statistical measurement debates about whether inequality is increasing at all and whether the median standard of living is decreasing. We will not try to adjudicate these claims on the basis of economics. We bring them up only in order to demonstrate the complicated patterns among economic ideology, political ideology, and elite views about inequality.

### The Political Debate over Public Opinion about Economic Inequality

Surveys show that Americans are populist class warriors, except when they aren't.

We can illustrate disputes about public opinion on inequality with a debate from 2011 involving political journalists William Galston and Matthew Yglesias. We could have selected from any number of other commentators but we chose these two because they expressed opposing views well. Galston, writing in the *New Republic*, shared some Gallup Poll results: 82 percent of respondents felt it was extremely or very important to “grow and expand the economy,” while only 46 percent said it was extremely or very important to “reduce the income and wealth gap between the rich and the poor,”<sup>8</sup> with that latter proportion actually lower than it had been when the question was asked in 1998 during Bill Clinton's presidency (though, as noted above, it is a little-known fact that the 1990s were a time of heightened opposition to inequality). Meanwhile, in *Slate*, Yglesias referred to other poll results that pointed in the opposite direction, with a vast majority of Americans (including over 50% of Republicans) saying that there was “too much power in the hands of a few rich people and large corporations.”<sup>9</sup>

Galston and Yglesias used these poll results to come to opposite conclusions. According to Galston, “a campaign emphasizing growth and opportunity is more likely to yield a Democratic victory than is a campaign focused on inequality.”<sup>10</sup> By contrast, Yglesias notes that “we should expect to see Democrats continue to double down on ‘tax the rich’ themes and populist messages.”<sup>11</sup> That is, Galston advocated an equalizing-opportunities message, while Yglesias advocated an equalizing-outcomes message, even though one could put both writers in the liberal category.

We think the ambiguity revealed in these polls actually makes sense: If there were a clear and unambiguous majority in favor of some conventional policy and all its ramifications, we would expect it would have already passed, and there would



be no remaining political dispute. The very fact that an issue is politically live suggests some flexibility on opinions. In the particular case of inequality, this flexibility reflects a lack of political maturity regarding a relatively new economic issue—that is, the term “inequality” traditionally referred to issues of racial and gender inequality or poverty, rather than to income or class inequality. This state of flux helps us understand what otherwise seems contradictory about these poll results.<sup>12</sup>

As background, here are what we see as the key dimensions of public opinion related to economic inequality, backed up by a wide range of other surveys: On the one hand, consistent with Yglesias, a solid majority of Americans has long believed that the country’s “economic system unfairly favors the wealthy.” On the other hand, consistent with Galston, over half of Americans do not see the country as “divided into haves and have-nots,” and roughly two-thirds are optimistic about their own chances of upward mobility through hard work. When we switch from views on the economy and society to views about government, a final crucial piece of information is that over 60 percent see “big government” as the greatest threat to the country in the future.

Now let’s consider the reasons that these seemingly contradictory views are unsurprising. First, while it is true that Americans hate big government, political scientists have understood for decades that Americans have positive views about expensive government programs such as Social Security and Medicare, taken individually. Using recent survey data, for instance, Benjamin Page and Lawrence Jacobs show that most Americans—Democrats and Republicans alike—support government intervention in health care, education, and jobs, and are willing to pay taxes for these benefits.<sup>13</sup> But such interventions face strong political opposition from conservatives, who emphasize their “big government” signature and their inability to solve fundamental problems of economic growth. State-level initiatives have at times overcome these credibility problems by proposing a simple formula of temporary taxes on top incomes to pay for popular programs such as education, health care, and public safety. This occurred, for example, in Oregon in 2010, well before the Occupy Wall Street movement supposedly put the issue of income inequality on the public’s radar screen.<sup>14</sup>

The second point, which speaks to a dynamic that is not as widely understood, is that these positions have been exploited (perhaps unintentionally) by elites of opposing political orientations to sound different political themes, which then reinforces the appearance of contradictory views. A supporter of taxing the top of the income distribution can focus on the “too much power in the hands of the rich” angle, whereas a supporter of cuts in low-income and middle-income entitlement programs can focus on the lack of resonance of the “haves and have-nots” argument. The grain of public opinion gives a sense of how the debate might go, with liberals focusing on the power of the rich and big business, and conservatives reminding voters that taxes taken from the rich will go straight to the federal government. But each of these positions represents a slanted representation of only one side of a complicated set of public views.

Third, these positions have also been exploited (perhaps unintentionally again) by pollsters and survey researchers who pose questions in ways that amplify contradictory positions rather than try to resolve them, and then journalists follow suit. One could read the results presented by Galston and conclude that inequality is a concern but not a very high priority for Americans. Alternatively, one could read the results as unsurprising given the novelty and complexity of rising inequality relative to something like “economic growth,” which everyone grasps and desires.

Another example that captures these problems perfectly comes from a Pew study.<sup>15</sup> In line with the equalizing-opportunities view, the authors of the study emphasize the results from a forced-choice question in which only 29 percent of Americans said that reducing inequality was more important than ensuring that “everyone has a fair chance of improving their economic standing.” Yet when Pew asked a more nuanced question about whether inequality is related to mobility, because “greater economic inequality means that it is more difficult for those at the bottom of the income ladder to move up the ladder,” only 29 percent disagreed. However, little attention was given to the implications of this response in understanding that inequality and opportunity are not two mutually exclusive objectives in the public’s mind.

Can a more coherent political story about inequality be rescued from these fragments?

### A New Political Framing of Inequality

These conventional narratives have led to stalemate and confusion because they are rooted less in the particular problem of rising inequality than in longstanding partisan debates over taxation and social welfare spending. We thus suggest alternative ways to frame the issue of economic inequality that are more germane.

In this new political rubric, remedies to inequality can be framed, in both policy and public opinion, not only in terms of equalizing outcomes or equalizing opportunity, but in terms of what we see as a potentially centrist and unifying hybrid of the two: equalizing outcomes to equalize opportunities.<sup>16</sup>

We have discussed equalizing outcomes as the relatively straightforward, but not particularly salient, approach espoused by liberals. It emphasizes the “taxing the rich” message, alongside a diffuse list of social spending commitments, only some of which are opportunity-based. Equalizing opportunities is, by contrast, the approach espoused by conservatives and some liberals too. It also was described above to some degree, but here we underline its laser-like emphasis on traditional opportunity-enhancing policies, such as educational reform and job creation, with the latter often hitched to related issues, such as immigration and trade (on the right) and the minimum wage (on the left). These issues are salient with the public at large and at the heart of support for populists, who not only sound these themes as remedies to the problem of inequality, but adopt them as their central rallying cry, as in the presidential campaigns of Donald



Trump and Bernie Sanders.

But both the liberal and conservative approaches fail to address public concerns about inequality in crucial respects. The approach of equalizing outcomes through government redistribution fails to make a credible connection to the problem of economic opportunity, which is the perceived consequence of rising economic inequality that Americans ultimately care most about. It focuses too much on reducing inequality as an end in itself, rather than on fixing the problems that Americans associate with inequality, such as limited opportunities for upward mobility.<sup>17</sup>

Meanwhile, the approach of equalizing opportunities through educational reform and job creation falls short because existing educational policies and economic growth have failed to generate shared prosperity, suggesting that some form of equalizing outcomes is necessary if opportunities are truly to be expanded. In particular, Americans want more than jobs; they want good jobs with good pay and benefits. And this necessitates some degree of redistribution of labor-market rewards.

The alternative, hybrid approach fuses the goals of equalizing outcomes and opportunities, and thus it fills the gaps in conventional liberal and conservative narratives and strategies. The hybrid approach differs crucially from the conventional liberal approach by emphasizing the equalization of opportunities over outcomes. Yet, at the same time, it is consistent with the liberal approach by insisting that outcomes need to be equalized in order to achieve greater equity in education and employment. Examples of this approach at the state level are the ballot measures that temporarily raise taxes on the rich to fund education, health care, and public safety. This approach appears, for example, in the 2010 measure in Oregon and also a 2012 measure in California. Opportunity, in the form of spending on education and preserving good middle-class jobs, is transparently the end goal of such taxes, rather than a laundry list of social services and benefits.

The relatively new attention to family leave policy and other issues of gender equity as anti-inequality strategies in the Clinton and Sanders campaigns also fuses notions of opportunity and inequality by seeking to expand women's employment opportunities as a way to boost family incomes among the broad middle class. This is pitched as an income inequality issue by liberals because of their assertion that median household incomes declined over the last business cycle for the first time in recent history, which they attribute to the concentration of income growth at the top of the distribution.

The hybrid approach also differs in important respects from the conventional conservative approach by not removing the equalization of outcomes from the conversation of how to equalize opportunities. Conservatives can blend the two objectives by capitalizing on their greater faith in American business than in the government. This allows them to advocate for a private sector approach to the problem of inequality, an approach that may produce the most innovative solution yet.

### What Exactly Are We Talking about Here?

We have already noted the public's mixed views, combining a wariness toward big government with a commitment to certain favored government policies. Similarly, but less well known, Americans are at once wary of "big business" in general, but also favorable to just about any individual big business you might ask about. A Pew survey from 2007 asked people what they thought about 23 prominent companies. With the exception of controversial oil companies Exxon/Mobil and Halliburton (which were viewed favorably by about half of respondents), each of these companies was viewed positively, with 95 percent having a favorable view of Johnson and Johnson (among those willing to give a rating), 94 percent liking Google, 91 percent liking Microsoft, 87 percent liking Coca Cola, and so on. Even companies with some past or present controversy, such as Citibank, Pfizer, and Walmart, had over 70 percent favorability ratings.<sup>18</sup>

The Pew survey also broke down the responses by partisanship and social class. Republicans tend to like corporations, with little difference between the views of professional-class and working-class Republicans. For Democrats, though, there's a big gap, with professionals having a generally more negative view of particular corporations, compared to the working class. For example, only 30 percent of professional-class Democrats viewed Exxon/Mobil favorably, compared with 48 percent of working-class Democrats, and over 60 percent of Republican respondents of either social class.<sup>19</sup>

Building on these findings, we recently ran a pilot of new survey questions on policy preferences related to inequality, and found an appetite in the general public, especially among Republicans and Independents, for involving major companies in the fight against inequality. This appetite was, for Republicans, much stronger than the appetite to involve government in the fight. For Independents, the appetite for business involvement was on par with that for government involvement.<sup>20</sup>

For instance, a plurality of Republicans and Independents, amounting to roughly a third of respondents, selected "major companies" (over "government," "low-income individuals themselves," "high-income individuals themselves," and "charities") as the group most responsible for "reducing differences in income between those with high incomes and those with low incomes." A final option that allowed respondents to express their satisfaction with present levels of inequality ("income differences do not need to be reduced") was selected by only a fifth of Republicans and a tenth of Independents.

Moreover, in two questions fielded on the 2014 General Social Survey, we asked about the responsibility of major companies to reduce pay differences by lowering executive pay and raising unskilled worker pay. These questions can then be compared to the traditional survey question about the responsibility of government to reduce income differences by raising taxes on the wealthy and providing assistance to the poor. We found that a larger share of respondents held major companies responsible than held government responsible. Because these groups were

not strictly overlapping, the share of Americans who held either one or the other institution responsible was substantially higher (roughly two-thirds of Americans) than what we would see if we only focused on the government's role.

Returning to our discussion about the public's tendency to distrust government and business in general but support individual policies and companies, these results suggest that the institutions Americans trust to implement policy in the future (despite their dissatisfaction with them in the present) represent a genuine mix of conventional (government) and unconventional (business) approaches to reducing inequality.

This finding has not been drawn upon in conventional policy discussions of inequality. The current array of candidates from both sides of the aisle are missing the crux of the inequality problem as experienced by ordinary Americans and are thus missing an opportunity to connect with them on this vital issue of our time. ☆

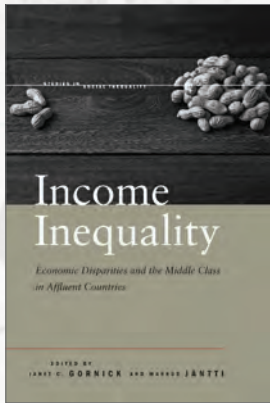
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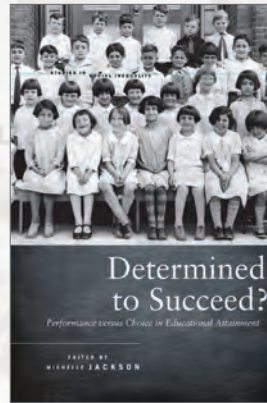
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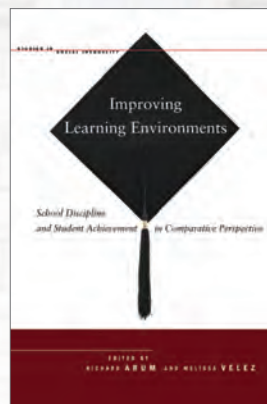


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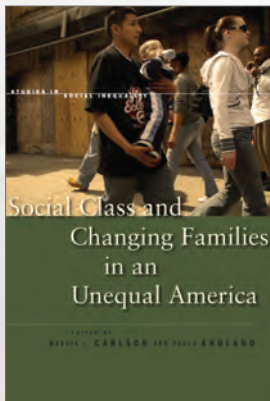
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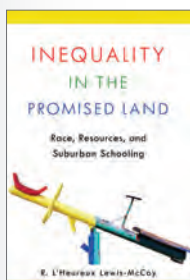
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