

The problem of poverty

By John McDowell

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Debates about the minimum wage, income and wealth inequality and economic growth are raging across the nation. Here in Silicon Valley, those debates can seem far away with little relevance in the land of \$1.5 million bungalows and fast-food outlets that pay bored high school students a premium to keep them from quitting.

However, all is not well in the rest of California. Last year, the U.S. Census Bureau reported a poverty rate in our state of almost 24 percent. Moreover, a recent Bloomberg News story states we have a widening income gap, with food stamp use increasing at almost double the national rate since Gov. Jerry Brown took office in 2011.

Some say that all we need are more government programs and the problem would be solved. Since President Lyndon B. Johnson began the War on Poverty in 1964, the government has spent more than \$16 trillion to fight poverty, according to the libertarian Cato Institute. Yet that vast sum has had hardly any effect. In 1964, 19 percent of Americans lived in poverty. Today, 15 percent do. And today, almost 22 percent of children live in poverty while the rate was 23 percent in 1964.

Just this week, the city of San Francisco reported it spends almost \$166 million annually for its approximately 6,400 homeless, or about \$25,000 per person and \$100,000 for a family of four. However, the number of homeless has barely budged over the last decade. Clearly, something isn't working.

While government programs work to ease the plight of those in poverty, especially for people who cannot be expected to work, they are terrible at doing the most important job of all — raising individuals and families out of poverty and into the middle class.

But there is, surprisingly to some, a consensus across liberal, conservative and libertarian think tanks about what can be done to address this central problem of poverty.

While their answers may sound simple, they are hard to implement and require a cultural shift in attitudes, norms and behavior. As Ronald Reagan said in his first gubernatorial inaugural address, “The truth is, there are simple answers — there just are not easy ones.”

In testimony before the U.S. Senate Committee on Finance, Ron Haskins of the liberal Brookings Institution identifies three steps that individuals can take to ensure that they will not live in poverty.

First, young people must complete their high school education. In California, it’s easier said than done, as more than 13 percent of high school students drop out before graduation. This number grows to 16 percent for Hispanic students and to a whopping 22 percent for black students. Combine these numbers with the state’s abysmal achievement rating, a D-plus in Education Week Research Center’s latest Quality Counts report, and the chances of educational success for California’s at-risk children are greatly reduced.

Second, upon graduation, young people must work full time at a job, any job, for at least a year if not longer. Again, in California this is a tough proposition. At 8.1 percent, our unemployment rate is higher than the rest of the country. The youth unemployment rate is even higher.

Third, young people should wait until 21 to marry and they should marry before having children. The conservative Heritage Foundation notes in a recent report that marriage inequality may be the single biggest driver of national income inequality. Heritage finds that being married has “roughly the same effect in reducing poverty that adding five to six years to a parent’s education has.”

Moreover, Heritage finds that, “The U.S. is steadily separating into a two-caste system with marriage and education as the dividing line. ... In the bottom-income third, children are raised by single parents with a high school degree or less.” But, with a child first, marriage second ethos in low-income communities, this step is rarely followed.

Yet, according to Haskins’ testimony, “People who followed all three of these rules had only a 2 percent chance of being in poverty and a 72

percent chance of joining the middle class.”

Conservative, liberal and libertarian policy experts agree. We know how to defeat inter-generational poverty and lift families into the middle class. While government programs can ameliorate the worst of poverty’s deprivations, what is needed are stronger efforts to create education, incentives and conditions to make it easier for people to take the three basic steps and leave poverty behind.

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