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Restoring the American Dream: Combating Poverty and Building One America

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Center for American Progress

Introduction

We have all seen the images from the wreckage of Katrina — people packed into the Superdome and convention center with only the clothes on their backs. And we've all asked what brought them there. Many things did, but one of them was poverty.

Speech

Widespread poverty existed before Katrina and it will persist after the Gulf region is rebuilt, if we let the images that we have watched on the news fade from our memories as they fade from our television screens.

Q&A Session

But today we have a historic opportunity. We do not have to live in an America that accepts poverty as a fact of life or chooses to ignore it. The day after Katrina hit, new government statistics showed that 37 million Americans live in poverty, up for the fourth year in a row.

The Superdome made those people impossible to ignore, but we could look down the streets of every city in America and see enough poor and forgotten families to fill all the football stadiums in America. Those families in the Superdome were abandoned, but in a less striking way, that's how millions of struggling Americans feel every day.

They know there are jobs somewhere, but not jobs they can get to, not jobs they're trained for. They know some children go to good schools, but the schools for their children have overcrowded classrooms and overwhelmed teachers. They know some people live in safe neighborhoods, but they walk their kids past gang members every day.

That sense of isolation exists in our inner cities and in our small towns. While it touches African-Americans and Latinos most, it also touches every community. Talk to families across America who are sorting their bills into "pay now" and "pay later" piles, knowing that a sick child or a pink slip will send them over the edge. They feel like they're alone.

There is a powerful hunger for community in our country today. People understand they have to work hard and take responsibility for themselves. But they also know there's more to America than that.

This Administration may think every American is an island. But Americans know that Katrina's victims shouldn't have been out there on their own, and that no American should be out there on their own. That's why even when our government failed to respond to Katrina, American citizens stepped up in an extraordinary way. We know that it matters how we as a nation meet our responsibilities. It defines us as a nation.

Throughout our history, people around the world have been drawn to America for what we stand for: that we are all created equal, and that we are endowed by our Creator with certain unalienable rights: life, liberty and the pursuit of happiness. The government's response to Katrina undermined those ideals. One foreign magazine called it "The Shaming of America." It has been our shame.

I want the world to see a different America — an America that is working every day to live up to what was written — I want them to see the one America that we all believe in. And that means that while we must first address the urgent tragedy of poverty in the Gulf states, we must also address the tragedy of poverty across the fifty states.

A week ago, I went to some shelters in Baton Rouge where people from New Orleans have been living. One man told me "I've worked hard all my life — it's what I know."

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UPCOMING EVENTS

California Women's Conference
Oct 23, 2007
Long Beach, Calif.

"And the people here tell me that if I wait outside the shelter at 5 am every morning, sometimes, maybe, someone will come by in a pickup looking for workers. So since the day I got here, for a week and a half, I've been out there every morning at 5 am — just on that chance, because I just want a chance to work."

This man had lost everything he had — and all he was asking for was the chance to work. He still believed that in America if you did your part and were willing to work hard, you were going to be okay. And he spoke for most Americans of every race and class.

The trouble is that for too many Americans — not just in the Gulf but everywhere — the American Dream has become too distant. You can see it in the numbers: millions of parents work full-time but still live in poverty. The typical white family has about \$80,000 in assets; the typical Hispanic family, about \$8,000; the typical African-American family, about \$6,000.

"Income is what you use to get by, but assets are what you use to get ahead." This huge asset gap is one reason so many families are barely getting by. And again, it's not just the poor: middle-class incomes are stagnant, and more people file for bankruptcy than graduate from college each year.

Since January, I've traveled the country and talked to Americans living on the edge. Their grit and determination is extraordinary. But so are their struggles.

Just one story: I met a woman in Kansas City with two kids who had a job that pays \$9.50 an hour. And she told me about the winters where, "the choice was between lights and gas." She chose the lights. And she said to me, "When my kids go to bed, I tell them to wear as many clothes as they can. And when they go to school, I tell them, 'don't tell anyone you don't have gas because somebody might come and take you away.'" She said that in America, "Nobody who works hard should live like that."

She is absolutely right. "The only thing necessary for the triumph of evil is for good men to do nothing." What that woman endures is evil. As a nation, we cannot do nothing.

In the 1960s we fought a war on poverty. Our intentions were good, but sometimes we expected government to do things that only individuals and communities can achieve. Sometimes we gave too much money to bureaucracies, not people. Yet those efforts still helped cut the poverty rate by 43 percent from 1963 to 1973.

Again, in the 1990s, the Earned Income Tax Credit and welfare reform helped lift 7 million more people out of poverty. If we are going to fight poverty, we have to commit ourselves once more, more deeply than ever before.

But while America does more, people will have to do more too. This is something I've come to understand much better as I've spent more time with poor teen moms who didn't graduate high school and aren't married. These are good and decent Americans just looking for happiness, but too often they think the way to find it is to have a child.

And while they struggle, many young dads don't stick around. Someone who spends his life working with young men said to me that what he hears is, "I'm going to end up in prison or in jail, so I have to leave a seed here." And he also told me how that choice has consequences.

I visited a wonderful program in Chicago called Bethel New Life and saw a t-shirt a child had written about his father. It said, "you won't be there. Should have, could have, would have." And the t-shirt had a hole in the shape of a heart. In families with teen parents who didn't graduate high school and aren't married, children are nine times more likely to be poor.

Down in New Orleans, hundreds of thousands of people lost their homes and untold numbers lost their lives because the levees we built were too weak and too low. We knew better, but we didn't act because we didn't want to look. That's how it is with the moral foundations of our society.

All over this country, too many children are growing up in harm's way — and too many lives are being washed away — because the levees we've built are too weak and too low.

When a 13-year-old girl thinks there's nothing wrong with having a baby that will drive them both toward lives of poverty, we haven't built the levees high enough. When 15-year-old boys become fathers, then walk away, get shot, or go to jail, we haven't built the levees high enough. When young people spend more time going to meth labs than chemistry labs, we haven't built the levees high enough.

We know better, but we don't act because we don't want to look. If we believe in community, we must find the courage to do what communities do: Together, we must stand side by side and man the levees.

All of us — parents, clergy, teachers, public officials — we need to say some simple truths: it is wrong when boys and young men father children but don't care for them. It is wrong

Education Roundtable

Oct 23, 2007
Merrimack, N.H.

Community Meeting with John Edwards

Oct 24, 2007
Glenwood, Iowa

Community Meeting with John Edwards

Oct 24, 2007
Sidney, Iowa

Community Meeting with John Edwards

Oct 24, 2007
Shenandoah, Iowa

NEWS HEADLINES

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Edwards Campaign Statement on Clinton's Iowa Mailer Defending Iran Vote

Edwards Discusses Plan to Connect Hard-Working Americans to Smart Training for Good-Paying, Union Jobs

At California SEIU Event, Edwards Vows To Elect Super-Majorities In House And Senate

Edwards Warns Against Rewriting Rules That Prevent Excessive Media Consolidation

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when girls and young women bear children they aren't ready to care for. And — and — it is wrong when all Americans see this happening and do nothing to stop it.

Because this is also about America's responsibility to create new opportunities for young people. I met a woman from a New Britain teen pregnancy program called Pathways/Senderos. She told me how she tries to give kids with struggling parents the love, the discipline, and the chance to succeed that you would want for your own children. Instead of having kids, many of these teenagers are getting diplomas. And here in Washington, a baseball coach and teacher named Luis Cardona told me how he's helped boys in gangs get jobs and become mentors to keep other kids out of gangs.

So many young people are struggling against the odds to do right, and they need America's support. Words are not enough. That's why it is time for a new social compact. When President Bush talks about an "ownership society," he means the more you own, the more you get. For most Americans, his approach is the more you work, the more you pay and the less you make.

Where I come from, what matters the most isn't how much you have, it's how much you give. Work gives pride, dignity, and hope to our lives and our communities. And so the President is wrong: America is not, and never wished to be, a Wealth Society.

To be true to our values, our country must build a Working Society — an America where everyone who works hard finally has the rewards to show for it. In the Working Society, nobody who works full-time should have to raise children in poverty, or in fear that one health emergency or pink slip will drive them over the cliff.

In the Working Society, everyone who works full-time will at last have something to show for it — a home of their own, an account where their savings and paycheck can grow.

In the Working Society, everyone willing to work will have the chance to get ahead. Anyone who wants to go to college and work will be able to go the first year for free.

In the Working Society, people who work have the right to live in communities where the streets are safe, the schools are good, and jobs can be reached.

In the Working Society, everyone will also be asked to hold up their end of the bargain — to work, to hold off having kids until they're ready, and to do their part for their kids when the time comes.

The first test of the working society will be in the Gulf. And the central principle of our effort should be the one I just outlined: We can only renew the Gulf if we renew the lives of the Gulf's people by encouraging and honoring work.

The President doesn't get that. At a time when a million people have been displaced, many already poor before the storm; when the only shot many people have is a good job rebuilding New Orleans, the President intervened to suspend prevailing wage laws so his contractor friends can cut wages for a hard day's work.

Correct me if I'm wrong, but the President never suggested cutting million-dollar salaries for the heads of Halliburton or the other companies profiting from these contracts. A President who never met an earmark he wouldn't approve or a millionaire tax cut he wouldn't promote decided to slash wages for the least of us.

Seventy-five years ago, our government was led by a President who actually succeeded in navigating America through a disaster. Faced with the Great Depression, Franklin Roosevelt saw that relief requires more than food and shelter; it requires the dignity that comes from a job at a decent wage. And he saw something else: as Allida Black put it at a forum here last week, we have to "build to last."

Many of our children still go to schools that the WPA constructed; many of our homes are lighted because of dams that the PWA built; many of our families still hike on trails that his CCC blazed. That's why trailer parks are not the answer.

In fact, if we know anything from a half century of urban development, it is that concentrating poor people close to each other and away from jobs is a lousy idea. If the Great Depression brought forth Hoovervilles, these trailer towns may someday be known as Bushvilles.

We can do better. I've proposed a New America Initiative based on the principles that FDR and the WPA taught us.

First, we need to make not just construction but job creation a top priority. As we do, we need to make sure victims get the wages, skills and benefits they need to rebuild their lives. Good wages are part of our relief effort. And so is building skills: Tax breaks for businesses alone will never attract high-wage, high-skill jobs. We need a new approach that unites businesses, community colleges, nonprofits, and unions in new cooperation.

Second, folks need a chance to save for the future. The CCC sent money home to families. FEMA actually had a good idea with these debit cards. But now they're doing direct

deposits in bank accounts. The problem is, many people displaced by the storm lived in neighborhoods without banks.

A worker making \$12,000 a year could spend \$500 just cashing checks and buying money orders to pay the bills. David Shieler begins his book about poverty by saying "it's expensive to be poor," and he's right. So as we offer relief, we should help people open bank accounts so they can escape the check-cashers and save. So they can get ahead — not just get by.

Finally, we need to build a Gulf Coast that is "built to last," with the infrastructure to compete. That's not trails these days, it's modern mass transit. It's not dams, it's energy-efficient businesses and homes. Urban homesteading is a start, but let's bring together the great private engines of development, challenge them to build integrated communities, and leverage federal dollars to do it.

We'll beat poverty in the 21st century by building a Gulf for the 21st century. While we fight poverty in the Gulf, we also have to fight poverty across America. We should begin by returning to a promise once kept and now broken: If you work full-time, you shouldn't have to raise your children in poverty.

Today, a single mom with two kids who works full-time for the minimum wage is about \$2000 below the poverty line. The erosion of the minimum wage is a disgrace; we need to raise it to at least \$7.50 an hour. Unionized workers make 30% more, so we need to give them back a real right to organize. And we need make sure that people can enter the workforce and change jobs without losing their health insurance.

It's not enough to say that people who work full-time shouldn't live in poverty.

We need to help every American develop the assets they need to get ahead — to send their kids to college, buy a home, or just have the piece of mind that there's a little breathing room should catastrophe — in the form of a hurricane or lost health insurance — comes into their lives.

First, let's help folks buy a home they can actually keep. Today, the rich get subsidies while the poor get ravaged by predatory lenders. We should do something different: crack down on those lenders and offer a new deal to poor families just going into the workforce: for the first five years you are working, we will set aside up to \$1,000 in an account to help you make home payments. After five years, you'll have up to \$5,000 for down payments.

Next, I'd help families save. We should offer low-income Americans "work bonds" — an extension of the Earned Income Tax Credit that helps families save for the future. Low-income working families would receive an extra credit of up to \$500 per year that would be directly deposited into a new account held by a bank or a safe stock fund with low fees.

If families put away more, the amount in the account would grow, and it would be available not just for retirement, but also for a small business or a personal emergency. It'd be there for a rainy day and a better future.

Third, work should give you a good education. I could give a whole speech about education alone, because we will never end poverty unless we improve our schools. But here's just one idea that would help with both education and housing.

This President likes to talk a lot about school vouchers; I'd like a major effort to give working parents who are poor housing vouchers so they have a chance to move into neighborhoods with better schools. That will not only expand opportunity; it will build healthier communities through "cultural integration," as David Brooks called it.

Poor people don't need new bureaucracies; they need access to the same banks and jobs and markets that most Americans take for granted. The chance to go to college meant everything in my life, and young people need to know that if they work hard they'll be able to afford it.

For years now, I've talked about an idea I call College for Everyone: if you stay out of trouble in high school and agree to work your first year in college, you ought to get your first year of tuition at a public university or community college free. In a couple weeks, I'll be announcing a new pilot project in North Carolina to test out that idea in an entire county.

And we also need policies that help strengthen families. Though the 2001 tax bill eliminated the marriage penalty for the middle-class, poor families can still get hit with a \$3,000 marriage penalty. That makes no sense. We need to finish the job of welfare reform. It caused millions of mothers to go out and get jobs, but it left poor young men right where they were.

In communities where 40 percent of young men are unemployed, we can get more poor men into the workforce by connecting them with more jobs and supporting their wages,

the way the EITC already does for families.

And we should make sure young fathers get the same deal as young mothers: you have to take work and take responsibility for your children. In return, we'll help you find a job.

How will we pay for it all at a time of record deficits? We will pay for it if we decide it matters.

Just in the next 5 years, George Bush has found the money to pay for over \$336 billion in tax breaks for the wealthiest 1% of Americans. He has found the money to deliver subsidies for every kind of corporate interest. Now he says he wants to cut waste, but he won't touch two more tax cuts for millionaires that haven't even taken effect yet.

To do this right, we will need to cut the wasteful spending — the breaks for oil companies, for a highway to nowhere, even for ceiling fan exporters. But that won't be enough. We will also need to repeal the tax cuts given to the most fortunate among us. And even that won't be enough.

For a long time, I've talked about how this President's tax policy rewards wealth, not work. Today a stockbroker sitting by the pool watching the stock market pays a lower tax rate than the secretary who types the letters.

So we need tax reform. I've already talked about how to reward work better by expanding the EITC. But we should also stop favoring the wealth of the wealthiest.

An easy way to do that is to restore the Alternative Minimum Tax to its original purpose, shielding the middle class but ensuring that the very richest pay at least the same 28% rate on their stocks that they already pay on their work under the AMT. That will mean that the secretary and shop clerk living off their work don't pay a higher tax rate than millionaires living off their wealth.

When I first started talking about poverty in the 2004 campaign, political types said it was futile. They said nobody cares about poverty except for poor people. They were wrong.

Through their overwhelming generosity since Katrina, Americans have shown that we all care about poverty. We care about our national community. We know that no one succeeds on their own. We know that when one person is down it drags all of us down. This is not something we do for them. This is something we do for us — for all of us. It makes us stronger, it makes us better. We just want to fight poverty in a way that reflects our values.

As I watched the horrific images of human suffering caused by Katrina, like many of you, I was heart broken. Unfortunately, those images are not the picture of one city, but of our America today. It does not have to be that way. This is a historic moment when the country is ready to act.

But will this attention to poverty be sustained or transient? That depends on our leaders — whether we step up and sustain our moral commitment as the country's conscience would naturally want us to do. I hope we all do.

So, today, I implore all Americans — don't turn off the television and put the disturbing images out of your mind. Don't let yourself think that because the levees in New Orleans are being repaired, we have built all of America's levees high enough.

Rather, stand with me today and pledge to work for an America that doesn't ignore those in need and lifts up those who wish to succeed. Pledge to hold your government accountable for ignoring the suffering of so many for far too long. And pledge to do your part to build the America that we have dreamed of — where the bright light of opportunity shines on every person — an America where the family you are born into, or the color of your skin, will never control your destiny.

Thank you.

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