The US Census Bureau recently reported that the number of Americans living below the official poverty line in 2010 was 46.2 million people, the highest number in the 52 years in which poverty estimates have been published. Children living in poverty increased from 20.7 percent in 2009 to 22 percent in 2010. The poverty rate for Blacks increased from 25 percent in 2009 to 27 percent in 2010; for Hispanics the increase was from 25 percent to 26 percent; and for Whites the increase was from 9.4 to 9.9. Without food stamps, housing subsidies, and tax benefits, many argue that the poverty rate would be higher; and if regional living costs were considered the rate would be even higher in some urban areas of the country. In response, we should strengthen government programs to help the poor and the unemployed who are likely to slip into poverty. Others say that poverty is being mismeasured, the so-called poor are better off than advocates indicate, and we should dismantle government anti-poverty programs because they encourage dependency.

Measures of Poverty
The US Government’s official poverty measure is based on “poverty thresholds” determined annually by the US Census Bureau. In 2010, a family of four was considered to be living in poverty if it had a pre-tax income of less than $22,314 a year. For a single person, the poverty threshold was $11,139. The poverty thresholds were originally developed in 1963-1964 by Mollie Orshansky of the Social Security Administration. Orshansky took the dollar costs of the US Department of Agriculture’s economy food plan for families of three or more persons and multiplied the costs by a factor of three. She followed somewhat different procedures to calculate thresholds for one- and two-person units in order to allow for the relatively larger fixed costs that small family units face. Orshansky used a factor of three because the Agriculture Department’s 1955 Household Food Consumption Survey found that for families of three or more persons, the average dollar value of all food used during a week (both at home and away from home) accounted for about one third of their total money income after taxes (Fisher, 2011).

Today, food accounts for about 7.8 percent of a typical family’s expenditures. The cost of other items, such as housing, health care, and transportation, has grown at a far greater rate and occupy a greater share of family expenditures (Economist, 2011). The US Census Bureau acknowledges that the current poverty measure does not include a number of important factors. The poverty measure:

- Does not include in-kind public benefit programs such as the Food Stamp Program, SSI, housing subsidies, and Medicaid that free up resources to spend on nonfood items.
- Does not take into account variation in expenses that are necessary to hold a job and to earn income-- expenses that reduce disposable income. These expenses include transportation costs for getting to work and the increasing costs of child care for working families resulting from increased labor force participation of mothers.
• Uses family size adjustments that do not take into account increasing cohabitation among unmarried couples.
• Does not adjust for geographic differences in prices across the nation, although there are significant variations in prices across geographic areas. (US Census Bureau, 2011)

The Bureau is developing a Supplemental Poverty Measure (SPM) that represents a dollar amount spent on a basic set of goods including food, clothing, shelter and utilities, and a small additional amount to allow for other needs (e.g., household supplies, personal care, non-work-related transportation). The SPM will also possibly expand the definition of family household to include cohabitating partner, unrelated individuals under age 15, foster children under age 22, and related children over age 17. If the initiative included in the FY 2012 federal budget is approved, the Census Bureau and the Bureau of Labor Statistics will have the resources necessary to move the Supplemental Poverty Measure from research mode to implementation mode.

Mismeasures of Poverty Conservative Perspective

According to the Center for Responsive Philanthropy (2004), in the early 1980s the Manhattan Institute sponsored and heavily promoted two publications that urged the elimination of federal anti-poverty programs. George Gilder's *Wealth and Poverty* (1981) contended that poverty was the result of personal irresponsibility coupled with government programs that rewarded and encouraged it; Charles Murray's *Losing Ground: American Social Policy, 1950-1980* (1984) extended the argument, stating that AFDC and other anti-poverty programs reduced marriage incentives, discouraged workers from accepting low-wage jobs, and encouraged out-of-wedlock births among low income teenage and adult women. These books were followed by Lawrence Mead's *Beyond Entitlement: The Social Obligations of Citizenship* (1986), which blamed governments for perpetuating poverty by failing to require welfare recipients to work. These books have been followed by numerous commentators who have argued that poverty is a relative concept, the poor are better off than is understood, and poverty is caused by personal choices.

Nicholas Eberstadt (2011) questions whether the official poverty rate that is used to determine antipoverty spending is an accurate measure of material deprivation. According to Ederstadt the measure appears to offer unreliable and misleading information. The material circumstances “of persons officially defined as poor have improved broadly and appreciably over the past four decades” (p.2):

> In 1960–61, the lowest income quartile of US households reportedly spent about 12 percent more than their annual pretax income. By 1972–73, however, the poorest fifth of households were spending nearly 40 percent more than their annual income — and by 2002 were spending well over double their reported annual income. (p. 12)

Eberstadt says there are three possible explanations for this discrepancy between income and spending. While offering the possibility of changes in the Census Bureau’s survey methods and practices or income underreporting (which has actually been diminishing), the most likely of the three explanations is:
One possible explanation for a secular rise in the expenditure-to-income ratio for households in the lowest annual income quintile would be a long-term increase in year-to-year variations in household income... at any given time, a higher proportion of effectively nonpoor households would be experiencing a “low income year” — and since their consumption levels would be conditioned by their “permanent income” expectations, they would still be spending like nonpoor households, even if they were temporarily classified as poor households by the criterion of current income. The greater the proportion of “temporary poor” in the total poverty population, the greater the discrepancy between observed income levels and observed expenditures levels should be within the poverty population... If poverty is defined in terms of a particular income threshold, it should be readily apparent that poverty status is not a fixed, long-term condition for the overwhelming majority of Americans who are ever designated as poor. (p. 16)

The US Census Bureau’s own longitudinal Survey on Income and Program Participation documents that poverty is primarily a temporary condition. Twenty-nine percent of the nation’s population was in poverty for at least two months between the start of 2004 and the end of 2006; 42 percent of those who were poor in the 2004 calendar year were not in poverty by 2006; the median length of a poverty spell was 4.5 months; only 3 percent were poor during the entire period. As some move out, others move in. Four percent additional people slipped into poverty during that same period. However, more than half of those who did exit poverty continued to have incomes that were not significantly above the poverty level. People in female led families had longer median poverty spells than those in married couple families (US Census Bureau, 2011, Mar 16).

Robert Rector and Rachel Sheffield claim that the poor are better off than we think:

To the average American, the word “poverty” implies significant material deprivation, an inability to provide a family with adequate nutritious food, reasonable shelter, and clothing. Activists reinforce this view, declaring that being poor in U.S. means being “unable to obtain the basic material necessities of life.” The news media amplify this idea: Most news stories on poverty feature homeless families, people living in crumbling shacks, or lines of the downtrodden eating in soup kitchens. The actual living conditions of America’s poor are far different from these images. According to the government’s own survey data, in 2005, the average household defined as poor by the government lived in a house or apartment equipped with air conditioning and cable TV. The family had a car (a third of the poor have two or more cars). For entertainment, the household had two color televisions, a DVD player, and a VCR. If there were children in the home (especially boys), the family had a game system, such as an Xbox or PlayStation. In the kitchen, the household had a microwave, refrigerator, and an oven and stove. Other household conveniences included a clothes washer, clothes dryer, ceiling fans, a cordless phone, and a coffee maker. (2011, p. 21)

Rector and Sheffield do admit that during the current recession many working-class families and some middle-class families have lost their jobs and fallen below the poverty threshold. More than likely these families will retain their household conveniences with the expectation they will
soon work their way out of poverty. However Rector and Sheffield argue that the “increase in the number of working- and middle-class families who have become temporarily poor is likely to increase slightly the share of poor households that own various items” (p. 4).

Rector and Sheffield further assert:

- Poor Americans are well housed and rarely overcrowded. In fact, the houses and apartments of America’s poor are quite spacious by international standards. The typical poor American has considerably more living space than does the average European. (p. 10)

- Although a small portion of poor households report temporary food shortages, the overwhelming majority of poor households report that they consistently have enough food to eat… While the use of food pantries and emergency kitchens has increased during the current recession, poor families generally did not use charity food pantries or soup kitchens. The U.S. Department of Agriculture (USDA) reports that only one poor family in five took food from a food pantry even once during all of 2009. Far fewer ate at a food kitchen. (p. 11, 12)

The US Census data about poverty being primarily a temporary situation and Eberstadt’s explanation for the expenditure/income ratio being the result of greater numbers of temporary poor in the total poverty population offers a possible caveat to Rector and Sheffield’s assertions. While they downplay the effect of working-class and middle-class families temporarily falling below the poverty threshold increasing the households owning various amenities, the US Census data shows that the median length of a poverty spell for those in poverty for two or more consecutive months in the period Rector and Sheffield use was 4.5 months. That means there were probably a large number of temporary poor who retained their household conveniences with the expectation they would soon work their way out of poverty.

Steven Malanga (2007) states that “poverty in America results increasingly from the choices that people make, not our economic system's supposed shortcomings”:

the latest community survey [US Census Bureau] tells us that single parents head more than two-thirds of all of New York's and 72 percent of all Chicago's poor families. The vast majority of these are female-headed households. In New York, the median family income of female-headed households with children is just $21,233 annually, a stark contrast with the nearly $65,000 brought home by married couples with kids in New York…It’s not that the adults who head families in poverty don't earn enough; they don't work enough…ever more women—especially poor women—are choosing to have kids without a husband... Most shocking, perhaps, is that more than half of women having children out of wedlock in New York, and 60 percent in Chicago, are already in poverty or wind up there within a year of giving birth. (np)

Second to choosing to have children out of wedlock is dropping out of high school. In New York almost 70 percent of high school drop outs live in poverty and in Chicago 40 percent live in poverty. Malanga concludes that “most people can stay out of poverty in America by doing just a
few simple things—most important, graduating from high school and not having kids without a spouse on hand” (np).

William Niskanen (1996) combines personal choice with the culture of poverty argument when he says,

> Welfare is both a consequence and a cause of several conditions best described as social pathologies. These conditions include dependency, poverty, out-of-wedlock births, nonemployment, abortion, and violent crime. The basic hypothesis of this study is that welfare dependency and the other pathologies are jointly determined and are derivative of a common set of other conditions. (np)

Basically, the conservative commentators are saying that the number of people living in poverty is exaggerated; people who live in destitute circumstances (the lower percentile of the poverty measure) are few yet are being used as the face of poverty to advocate for more government spending; those who are in the upper percentiles of poverty are actually better off than we are being told; poverty is the result of individual choices; and government action has perpetuated rather than alleviated poverty by coddling the poor and entrapping them in a system that debases them. The answer is fewer government programs; encourage community groups, nonprofits, and faith based organizations to provide help to those in need or turn services over to for-profits who will provide them more effectively; foster personal responsibility and self-help, which includes incentives for entrepreneurs; hold the poor more accountable by requiring work and enforcing consequences for failure to follow the rules; and shift from a “those in need” orientation to a “consumer” orientation—the poor have vouchers to buy services from whomever offers the best deal.

Working with these premises as a basis leads to the following responses (not all conservative commentators would agree with all of these):

- Self-help strategies for the poor to pull themselves out of poverty
- Continue with Earned Income Tax Credits because they are an incentive to work
- Limit the time on public assistance
- Require work activities for welfare recipients
- Reduce assistance if children fail to attend school
- Offer shelter for homeless people
- Provide tax incentives to local entrepreneurs
- Relax regulations on small businesses to spur employment
- Give vouchers instead of cash for job training, medical costs, and education
- Replace a culture of dependency with programs that foster values and beliefs that support productive work, investment, and social responsibility
- Provide alternative socialization programs for youth
- Help the poor to become entrepreneurs and set up their own businesses

Or as Walker Williams (May 11, 2005) says, avoiding long-term poverty involves three actions and any program that supports those behaviors:
First, graduate from high school. Second, get married before you have children, and stay married. Third, work at any kind of job, even one that starts out paying the minimum wage. And, finally, avoid engaging in criminal behavior. If you graduate from high school today with a B or C average, in most places in our country there’s a low-cost or financially assisted post-high-school education program available to increase your skills. (np)

Mismeasures of Poverty Liberal Perspective

Most liberal commentators use the official measures with many of the same caveats given by the US Census Bureau. Sam Roberts (2011) wrote, “Without the flood of food stamps and tax benefits for low-income families, about 250,000 more New Yorkers would have slipped into poverty at the height of the recession.” While the Federal NYC poverty rate in 2009 was 14.2 percent, New York City has developed a measure that takes into account health care, commuting, child care, and housing costs. Using that measure for the same time period, the rate increases to 19.9 percent.

According to Ted Bradshaw of the Rural Poverty Research Center (2006) causes of poverty of include:

- The economic system is structured in such a way that poor people fall behind regardless of how competent they may be. Partly the problem is the fact that minimum wages do not allow single mothers or their families to be economically self-sufficient. The problem of the working poor is increasingly seen as a wage problem linked to structural barriers preventing poor families from getting better jobs, complicated by limited numbers of jobs near workers and lack of growth in sectors supporting lower skilled jobs. Wages workers can expect from these jobs have fallen. Fringe benefits including health care and promotions have also become scarce for low skilled workers.
- Schools are systemically failing students in low income areas because the schools have less funding, teachers are less adequately trained, and materials are out of date.
- The poor have a limited voice in the political system.
- Racism, ableism, and genderism still contribute to limited opportunities regardless of personal capabilities.
- People, institutions, and cultures in certain areas lack the objective resources needed to generate well being and income, and they lack the power to claim redistribution. The conditions leading to poverty or the consequences of poverty (crime and inadequate social services) generate more poverty, while competitive areas attract business clusters, drawing away from impoverished communities.
- Poverty is a cycle by which education and employment at the community and individual level interact to create a spiral of disinvestment and decline, while in advancing communities the same factors contribute to growth and well being. For example, at the community level, a lack of employment opportunities leads to outmigration, closing retail stores, and declining local tax revenues, which leads to deterioration of the schools, which leads to poorly trained workers, leading firms not to be able to utilize cutting edge technology and to the inability to recruit new firms to the area, which leads back to a greater lack of employment. This cycle also repeats itself at the individual level.
lack of employment leads to lack of consumption and spending due to inadequate incomes, and to inadequate savings, which means that individuals cannot invest in training, and individuals also lack the ability to invest in businesses or to start their own businesses, which leads to lack of expansion, erosion of markets, and disinvestment, all of which contribute back to more inadequate community opportunities.

While individual choice and responsibility may play a role, poverty is fostered by structural barriers, persistent biases, geographic disparities, and the cyclical nature of lack of employment, quality education, and inadequate community opportunities. The answer is expanding or at least effectively targeting government assistance; advocating for system changes; engaging in community and economic development; strengthening a partnership among government, foundations, and nonprofits wherein the nonprofits with government and foundation money provide services that are community based and appropriate for the local populations; and three approaches that are favored by conservatives: fostering entrepreneurial businesses that help the poor, encouraging self-sufficiency through savings and asset protection, and promoting healthy marriages and educational achievement.

Working with these causes and approaches as a basis, Bradshaw offers a list of common liberal solutions that combine providing a social safety net with increasing access and opportunities and encouraging individual responsibility. Given his monograph is about community development, he emphasizes community development tactics:

- Grassroots social movements to advocate for more jobs, unionization, break down barriers (racism, genderism, ableism) to work, and more services for the poor
- Provide alternative institutions that help the poor through alternative businesses, community banks, housing, schooling, and programs.
- Advocate change in federal policies that impact jobs, wages, the safety net, and access to medical care.
- Work with geographically poor communities to develop ways to be self-sustaining
- Enterprise zones, redevelopment and other tax based incentive programs for economic development and channeling private investments.
- Inclusionary zoning, affordable housing and similar programs that place conditions on development.
- Downtown revitalization and civic improvements that increase amenities and make areas more attractive, hoping to stimulate employment and tax revenues.
- Infrastructure investment, including interstate highways, parks, water, waste disposal, schools and other public facilities.
- National and regional reinvestment that shifts funds from one area to another, as the commitment to helping the Southern US grow after WW II.
- Community development to help the poor to build social capital, to revitalize the community, and provide ways for the poor to gain a contributing and paying role in the community
- Build collaboratives of organizations that can address the various factors that contribute to poverty (Bradshaw, 2006)

Recognizing that they can only supplement what the federal government and states provide, liberal foundations often combine educational advocacy for government policies and programs with discrete solutions. A prime example is The Annie E. Casey Foundation that advocates for and funds efforts to encourage economic opportunity and deal with child poverty. Casey advocates for assistance programs and ways to foster individual responsibility (2011):

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- Strengthen Unemployment Insurance
- Prevent foreclosure
- Expand tax credits
- Strengthen Supplemental Nutrition Assistance Program (SNAP) benefits
- Target child care assistance to those most in need
- Make health care affordable
- Ensure access to benefits by streamlining enrollment and eligibility procedures
- Encourage savings by helping people to access good financial products
- Protect assets by regulating high-cost credit products like payday loans.
- Promote healthy marriage
- Prevent teen pregnancy
- Expand access to prenatal care
- Provide parenting support
- Preserve and expand access to early childhood programs
- Create a more seamless and integrated system from birth to third grade by providing deeper connections between the early childhood and K–12 systems
- Address chronic school absence
- Fight summer learning loss by incorporating literacy skills into enriching summer activities.

Casey provides long-term funding to faith-based organizations to continue as leaders in the fields of prisoner re-entry and services for children with incarcerated parents. In order to help low-income working families build strong financial futures in vitalized communities they fund workforce development, family economic supports, and asset building (from website: www.aecf.org).

Casey funds efforts to promote responsible fatherhood and healthy marriages to provide long-term stability for children. To aid immigrant and refugee populations the foundation funds English instruction and ways to foster access to high quality, low cost social and financial services in the populations’ native languages. Casey's Rural Family Economic Success framework offers strategies to help rural families increase their income, stabilize their finances, acquire assets, and build wealth. In addition, Casey supports family economic success to improve the lives of children and families in the Southwest Border and Indian communities. Casey also owns and operates its own service providing agencies: Casey Family Services which offers permanency-focused programs and services for vulnerable children and families throughout New England and in Baltimore, Maryland; and The Jim Casey Youth Opportunities Initiative, which seeks to connect former foster youth with education, employment, health care, and housing opportunities and to lifelong, stable connections with caring adults.

The Acumen Fund invests “patient capital to strengthen and scale businesses that effectively serve the poor, and we champion this approach as a compliment to both charity and pure market approaches. We envision a day when every human being will have access to the critical goods and services they need—including affordable health, water, housing, and energy—so that they can make decisions and choices for themselves and unleash their full human potential.” They
invest in health, housing, water, energy and agriculture ideas and leadership development (from website: www.acumenfund.org).

The Ford Foundation funds research to test innovative financial access products that meet the needs of poor households, advocacy for supportive policy and regulation, and support for microfinance (from website: www.fordfoundation.org).

The Welfare Reform of 1996 was an attempt to combine the conservative concerns about dependency and individual responsibility with the liberal concerns for a social safety net, at least for temporary periods of individual financial downturns. According to the House Ways and Means Committee, the primary goal of the Personal Responsibility and Work Opportunity Act of 1996 "is to reduce the length of welfare spells by attacking dependency while simultaneously preserving the function of welfare as a safety net for families experiencing temporary financial problems." A major part of this effort was to improve child support collection rates in an effort to move single parent families off of the welfare rolls, and keep them off. The act instituted a block grant program and granted states the ability to design their own systems, as long as states met a set of basic federal requirements, the primary ones being:

- Ending welfare as an entitlement program;
- Requiring recipients to begin working after two years of receiving benefits;
- Placing a lifetime limit of five years on benefits paid by federal funds;
- Aiming to encourage two-parent families and discouraging out-of-wedlock births.
- Enhancing enforcement of child support.
- Federal funds would support benefits for no more than two consecutive years and no more than a collective total of five years over a lifetime
- Limits funds available for unmarried parents under 18
- Restricted funding to immigrants

**What Can We Do?**

Do we attempt to diminish government programs, encourage individual responsibility, and let the market work its magic and provide opportunities for those who are willing to take them? Or do we recognize and foster the role of individual choice yet strive to reduce barriers to employment and provide an expanded or limited social safety net through a partnership of government, nonprofits, and foundations? Yet during the current economic recession poverty and unemployment rates have risen and the need for assistance grows. Many argue there is a need for additional, if not different responses.

Some recent proposals to deal with unemployment and the economic recession and thereby impact the poverty rate include the US Congressional Progressive Caucus and the City of Chicago.

The US Congressional Progressive Caucus calls for:

- Reviving manufacturing in the US through a national plan for manufacturing
- Rebuilding the US infrastructure

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• Increasing federal support for hiring teachers as a catalyst for job creation; invest in the finest public education and job training; provide direct employment in the public sector and incentives for hiring in the nonprofit and private sectors
• Capturing the lead in the Green Industry revolution
• Guaranteeing the freedom to organize for good paying jobs with benefits

They propose paying for this through various taxes and tax reform, ending the wars in Iraq and Afghanistan, and realigning the Department of Defense’s priorities. They also propose offering a public insurance plan when the national insurance exchanges will be established in 2014, negotiating drug prices with pharmaceutical companies, and strengthening Social Security.

A localized response to the current economic situation and its impact on poverty is taking place in Chicago. Mayor Rahm Emanuel is finding “smart ways to invest in education and infrastructure to generate growth while cutting spending to balance the budget…he expanded all-day kindergarten for 6,000 more kids by cutting $400 million out the school’s bureaucracy. To get more cops on the street, he shifted 600 police from desk jobs to walking beats” (Friedman, 2011). Friedman argues that this is what the US needs to do: “cut enough fat to keep building enough muscle—while reforming taxes to raise more revenue—so we pay for the excesses of the last 20 years while financing the tools our kids and innovators need to thrive in the next 20.”

However, we are experiencing a major global restructuring of the economic system that is influencing whatever response we make to poverty and unemployment. According to Alpert, Hockett, and Roubini (2011) there is a global excess of labor, capital, and capacity to produce goods, while wages are stagnant and demand for products is low. With the rise of more competitive workforces into the world economy, production has shifted to other countries depressing wages in the US and increasing wealth for the few. Over the past two decades there has been

the steady entry into the world economy of successive waves of new export oriented economies, beginning with Japan and the Asian tigers in the 1980s and peaking with China in the early 2000s, with more than two billion newly employable workers. The integration of these high-savings, lower wage economies into the global economy, occurring as it did against the backdrop of dramatic productivity gains rooted in new information technologies and the globalization of corporate supply chains, decisively shifted the balance of global supply and demand. In consequence, the world economy now is beset by excess supplies of labor, capital, and productive capacity relative to global demand. This profoundly dims the prospects for business investment and greater net exports in the developed world — the only other two drivers of recovery when debt-deflation slackens domestic consumer demand. It also puts the entire global economy at risk, owing to the central role that the U.S. economy still is relied on to play as the world’s consumer and borrower of last resort. (p. 3)

Devolving government and regulations on businesses or letting the market work its way out of what some see as a decline (although major) in the business cycle are not going to create more jobs, if there is a cheaper, quality workforce ready to produce products in many other parts of the world. Not providing help for the millions of Americans who borrowed against the inflated

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value of their home, are underwater with their mortgages—owing more than the worth of the home, or are unemployed and having difficulty making the mortgage payments will diminish the demand for goods that could produce jobs in the US.

We face the danger of

an indefinitely lengthy period of negligible growth, high unemployment and deflation, much as Japan has experienced over the past 20 years following its own stock-and-real estate bubble and burst of the early 1990s. Protracted stagnation on this order of magnitude would undermine the living standards of an entire generation of Americans and Europeans, and would of course jeopardize America’s position in the world. (p. 1)

Not only is there a need for programs for the poor, there are the growing numbers of unemployed and underemployed that can easily slip below the poverty threshold. Alpert, Hockett, and Roubini propose a three part recovery plan that includes initial government and private investment in infrastructure, debt restructuring, and global rebalancing of supply and demand. The first two proposals are to be accomplished in the next five to seven years. The last is a longer term proposition that involves the G-20 agreeing how to achieve a global rebalancing agenda, resolving the Euro-zone debt crisis, transiting export economies (e.g., China, India) to more domestic consumer demand economies, and establishing a World Economic Recovery Fund. The first two proposals have immediate impact on the current US situation.

Proposition One: A $1.2 Trillion, Five-Year Public Investment Program targeting high return investment in energy, transportation, education, research-and-technology-development, and water-treatment infrastructure:

It is estimated that every $1 billion of public infrastructure investment generates, by the most conservative estimates, 23,000 well-paying jobs. Over the course of five years, we estimate that this program will create over 5.52 million jobs in each year of the program. Beyond this, it is important to note that infrastructure investment has a healthy multiplier effect throughout the economy. The CBO estimates that every dollar of infrastructure spending generates on average a $1.6 increase in GDP. Some critical transportation and energy projects have even larger multiplier effects.

Proposition Two: Debt restructuring and regulatory capital loss absorption. In order to avoid a sustained period of debt deflation because of a massive debt overhang, it is imperative to trim back, refinance, and restructure the debt. This is a way to avoid multiple decades of debt-deflationary slump as Japan has endured since the early 1990s.

- Mortgages that are not under water and whose mortgagors face only temporary, recession-caused difficulties in remaining current. For this subclass, bridge loan assistance offers an adequate solution.
- Mortgages that are under water and whose mortgagors will be able – and for whom it will indeed be financially rational – to pay off their debts only insofar principal is reduced so as to bring debt price and home value into closer alignment.
• Mortgages whose mortgagees in ordinary circumstances would not have been up to the task of purchasing rather than renting homes – the proverbial “marginal” borrowers who were able to obtain “subprime” mortgage loans during the bubble years solely because they were bubble years, during which time credit was unsustainably cheap and available to all. For this subclass, we prescribe a carefully crafted “rent to start-over” program that on the one hand prevents a flood of additional foreclosed homes onto the liquidation market and puts in place lease contracts more appropriate to these beneficiaries, while on the other hand also offers an option to purchase insofar as some such beneficiaries might be able to restructure their financial lives during the period of their tenancy.

Reducing the number of people in poverty and those who are falling below the threshold because of continued unemployment and creating more jobs, is going be an uphill struggle with the current Congress and deficit focused political environment. In September, the House Appropriations Committee proposed an appropriations bill for the Departments of Labor, Health and Human Services, and Education that will in effect cut $2.2 billion from employment and job-training programs in FY2012. This will severely affect programs that are designed to retrain unemployed workers for new jobs, educate and train at risk youth, and provide job search assistance, skills assessment, and career counseling for millions of unemployed in America. However, if we are to turn the economy around, reduce unemployment and poverty, we need a systemic approach that not only combines supporting individual responsibility, ensuring a social safety net, a public investment program, debt restructuring, and developing employment opportunities but also includes working with other nations to achieve a balance of trade.

Resources


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