

**RIEMER, from page 4**

**A.W.:** *Why the goal of cutting poverty in half?*

**D.R.:** Our goal was to achieve a dramatic reduction in poverty. The single biggest way to achieve (this goal) is to get more people working. If you increase the minimum wage, (a reduction in poverty) just happens. When you increase the earned income tax credit, it just happens. If you were to achieve a higher rate of unemployed people transitioning to work, it just keeps adding to the reduction of poverty. It makes a big difference.

**A.W.:** *Minimum wage.*

**D.R.:** We know two things about the minimum wage. It's true that when you raise the minimum wage, there is some job loss. There is, however, also an increase in the income for those who keep their jobs. The amount of the increase determines both the amount of the job loss and the amount of the income gain. It's a complex trade-off. Striking the right balance is complex.

**A.W.:** *What are transitional jobs?*

**D.R.:** Broadly speaking, a transitional job is subsidized wage-paying employment that unemployed or underemployed adults are offered after their effort to find regular, unsubsidized employment has not succeeded after a reasonable time period. Transitional jobs have been given other names. They're sometimes called temporary jobs, jobs of last resort, community-service jobs. In the last several years, in particular, transitional jobs have been made available at not only nonprofit organizations but also for-profit firms. The idea is if you think about poor people, poor adults, there's really only a couple things to do. You can say, "We're doing nothing. We're not going to help you at all. All we will do is give you food stamps or give you shelter." Historically, that's what we've done with men and women who don't have children or aren't pregnant. The other thing we can do is give you money. The third thing you can do with an unemployed person is say, "I'll offer you a job." Transitional jobs are one key approach within that strategy.

**A.W.:** *It sounds a lot like the jobs offered under the New Deal, especially the Civilian Conservation Corps and the Works Progress Administration.*

**D.R.:** The CCC and WPA were a type of transitional job. Today, that approach is still being used in a number of states. Anyone who gets a transitional job works for a government or nonprofit organization. What's new about today's version of transitional jobs is that a fair number of

**THE POLICY PACKAGE**

The Community Advocates Public Policy Institute has tested five policies that "make jobs available, make work pay and reduce obstacles to work."

**Policy 1: Create a transitional jobs program**

For the unemployed or underemployed, offer the opportunity to work at a transitional job paying the minimum wage.

**Policy 2: Increase the minimum wage**

Raise the federal minimum wage to \$10.10 per hour and index it for inflation.

**Policy 3: Reform the EITC and eliminate the marriage penalty**

Reform the earned income tax credit by providing a roughly \$4,000 increase in the maximum credit for both childless taxpayers and taxpayers with children. The policy also eliminates virtually all the EITC's marriage penalties by allowing both spouses in a married tax unit to claim the credit based on individual earnings.

**Policy 4: Strengthen child-care funding**

Expand funding for child care to guarantee subsidies to individuals with incomes below 150 percent of the official poverty guidelines.

**Policy 5: Enact a secure retirement and disability income tax credit**

Increase support for individuals receiving Social Security and disability income in the form of a tax credit that raises recipients' incomes to 150 percent of the official poverty guidelines.

*SOURCE: Community Advocates Public Policy Institute's "Working Our Way Out of Poverty" report.*

**IF YOU GO**

**What:** "Working Our Way Out of Poverty" with David Riemer

**When:** 10:30 a.m. to noon July 30

**Where:** Smith Memorial Student Union, Room 296, Portland State University

**Cost:** Free

**Information:** Beverly Stein, steinbev@pdx.edu

them include work in the for-profit sector. Even though we have a pretty dicey economy for a lot of people ... transitional jobs are seen as an economic development tool. (For-profit firms) frequently have used transitional workers if they can justify adding a new position. Transitional jobs give (the firm) a chance to try out not only a new worker, but to literally try out adding the additional position to the company.

**A.W.:** *It's interesting that you're couching all your arguments to reduce poverty on free-market capitalism. Rather than making any moralistic argument, you're saying this is good for employers and businesses.*

**D.R.:** It's important when you're pushing most reforms and policy changes to have three legs to stand on, so to speak. One leg is evidence. One of the really powerful and unique things about this model is that it's backed by incredibly rigorous and independent analysis coming from the Urban Institute. The second leg of the stool is to appeal to people's basic values – liberal values, conservative values, values about reducing poverty. The third leg is a recognition that the overwhelming majority of people in this country have always got their jobs because of the free-market economy. So our model rests on evidence, values and a recognition that the private market is ultimately a key part of the solution.

**A.W.:** *So there's a recognition that attacking poverty is something the private sector can benefit from. I'm not sure that's always been obvious.*

**D.R.:** There's the underlying moral concern. Do we want to live in a society where so many people are poor? There are all kinds of practical reasons for (reducing poverty). An unemployed worker is someone who isn't producing anything. They're not paying taxes, or at least not paying as many taxes. We have overwhelming scientific evidence that being unemployed and being poor is damaging to people's health. What does that mean to general society? ... We pay more for Medicaid. We pay more for insurance. There's also evidence that poor people and their children (achieve) less in school. It also means that they're less likely to graduate. You have more people going on welfare. There's a social cost.

Even if you are a middle-class person and don't have any moral reason to care about poor people, you have an economic reason. Poverty costs the middle class. There are more moral and totally pragmatic reasons for wanting to tackle this program. The challenge is how do you do it and what would actually work? We're no longer groping in the dark about what would work.

**A.W.:** *The report talks about tapping into and reflecting widely shared American values. Why is that important? It seems like many important changes in our culture – the civil*

*rights movement, for instance – occurred because there was a movement that said our values were wrong.*

**D.R.:** I actually think that the values of the American people are pretty much in the right place when it comes to poverty. I say that not out of gut instinct. We had a national opinion poll done where we asked people about the policies in this policy package. There were very strong, favorable responses to that public opinion poll cutting across Democrats, Republicans and independents. Republicans supported all those policies – not quite as much but still with heavy majorities. I think Americans are figuring out that we need to shed old values and replace them with new ones, which was the case with slavery, with African Americans in general, with women, with same-sex relationships. When it comes to poverty, there's no change in values that is needed. What is needed are changes in understanding what those values have to be translated to in light of today's economy.

Here's part of the problem. When the U.S. emerged from World War II, there literally was a job for everybody. The U.S. economy was the world economy. We didn't face any international competition. If you had said, in 1955, we're at risk of losing your jobs to China, people would have thought you were crazy. It was not rational to expect China, Japan, India would be competing with us. What happened was not so much the values changed, but the world changed. It was a world that could never last. Therefore, some of the problems we did not face back in the day we now face. Back in the day, we didn't face the problem of a large-scale unemployed population who had limited education and skills.

**A.W.:** *Creating transitional jobs, raising the minimum wage and the earned income tax credit are pretty hot-button issues but also require systemic change. It seems impossible without large-scale government intervention and changing laws.*

**D.R.:** The goal of our project is to persuade policymakers to consider and implement large-scale policies. It's quite likely that small-scale transitional-jobs programs will continue to be enacted. The politics surrounding transitional jobs are quite different from the politics surrounding welfare. As budget director of Milwaukee, Wisconsin, I was not keen on spending money or raising taxes. The costs associated with these large-scale policy changes can be offset by cutting other wasteful or ineffective or low-priority government programs, including tax loopholes. I'm not arguing for an overall increase in government size or government spending. ... Implementing this model will not necessarily require overall that government gets bigger.

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