

Center for American Progress



SPECIAL PRESENTATION:

**“ENDING CHILD POVERTY: THE UNITED KINGDOM’S
COMMITMENT, THE UNITED STATES’ CHALLENGE.”**

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SPEAKERS:

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MR. MARK GREENBERG: Good morning. Thank you all very much for coming today. My name is Mark Greenberg. I'm the director of the Task Force on Poverty at the Center for American Progress. We are very, very glad that you all can be with us today and able to participate in the panel discussion that we will be having. As Paige had indicated, if anyone has a cell phone, please turn it off, because we are recording as we proceed.

So as many of you may know, CAP has created a task force on poverty. We did so in the aftermath of Hurricane Katrina. As you'll probably recall, in the period after Hurricane Katrina there was perhaps a two-week period in which it appeared that we were going to have a national discussion about poverty. And at the end of the two weeks, many people in the country's run back to where they were before, went back to the prior discussions. The Center for American Progress opted not to do that, opted to say this is a crucial time for us to look ahead to make determinations as to how we can advance a national discussion of poverty. So at that time, CAP created a task force that Peter Edelman, who's here from Georgetown Law School, was identified to be one of the co-chairs of the task force. We are very grateful to have Peter here today.

We are particularly pleased today to have the Right Honorable Secretary of State for Work and Pensions from the United Kingdom, John Hutton. Secretary of State Hutton has been visiting in the United States this week looking at a set of developments within the U.S. and in particular trying to get a better understanding of how we in the United States approach poverty. There is, in my view, an extraordinary circumstance – an extraordinary set of developments proceeding in the UK this period. The UK, under the Labor government, made a commitment in 1999 to end child poverty – to end it within a generation. That has now been defined as to end it by 2020. They have set a set of benchmarks for doing so: to reduce child poverty by 25 percent by 2005, by 50 percent by 2010, to end it by 2020. It is, in my view, an extraordinarily ambitious goal. It is an important effort for us in the United States to watch, to look at, to see how it unfolds over time.

The secretary of state will talk this morning about the reasons that they opted for the goal of ending child poverty, how they're going about doing it, what they see as their progress so far, what they see is the challenges that they face in moving forward. I think what's fascinating about this for a U.S. audience is that oftentimes when we hear about developments in Europe, they seem very far away, very remote. It's often not clear what relevance they may have to a U.S. context.

This one feels very different in a lot of ways. It feels different in part because when you hear the reasons that they seek to address child poverty, they'll be recognizable to you. When you hear the kinds of policy levers that they are considering, there will be ones which at one point or another at least are discussed in U.S. debates. Oftentimes,

they are looking at some of the same research that we look at, but very frequently coming to very different policy decisions as to how to proceed and as to how to look ahead. And so in many respects I think there is much that the U.S. can learn from both seeing the importance of a national commitment, seeing how it informs the way in which they approach policy and then learning, in many instances, how taking a different set of steps leads to some dramatically different results so that their child poverty rate goes down while ours go up.

So over the next several minutes, the secretary of state will initially speak, offer an overview of the UK effort and experience to date. We'll then ask Peter Edelman, the co-chair of CAP's Task Force on Poverty and professor at Georgetown, to speak, to offer some comments both on the status of child poverty in U.S., and the potential relevance of the UK story as we move forward. We will then have time for audience discussion and questions and answers. Based upon the secretary of state's schedule, we actually will need to close this morning at 10:10, which is a bit earlier than we had originally scheduled, but we greatly look forward to the discussion.

So the Secretary of State for Work and Pensions, John Hutton.

(Applause.)

SECRETARY JOHN HUTTON: Thank you very much indeed, Mark, for that introduction. Can I thank all of you as well for that very generous round of applause? Back home, politicians don't get applauded maybe until they've said something. (Laughter.) Very, very rarely do we ever get a round of applause before we've said anything, but thank you very much indeed for that.

Look, can I start by saying how really grateful I am to Mark and the Center for American Progress for the opportunity of joining you today in having this discussion about what we're trying to do to tackle child poverty in the United Kingdom, but I want to start with just a little bit of context, if I may. Now, in 1997 in the UK, one in every three children were being born into poverty. Over the 1980s and the early 1990s, a proportion of children living in poverty in the UK more than doubled, inequality rose faster and further than in any other country in the European Union.

Now, that was the challenge we faced in tackling this problem when we came into government in 1997, and of course there's little doubt either that child poverty is the principal determinant of life chances. Children born into poverty are more likely to be premature, have low birth weight or die in their first year of life. An infant who grows up in a poor family is less likely to stay on at school, less likely to get qualifications and go to college, more likely to be unemployed or in low-paid jobs. And, of course, there are obvious and clear links between youth crime, parental crime and child poverty, with children born into poverty being far more likely both to be the victims of crime and also to offend themselves. So put simply, children born into poverty are going to be prevented from fulfilling their potential.

So that's why in our first term we did announce, as Mark said, that our objective was to end child poverty in the UK in a generation. We set ourselves interim targets to reduce child poverty by a quarter by 2005 and to half child poverty by 2010. Now, it's clear to you, it'd be clear – it's clear also to us that this ambition to eradicate child poverty is going to be extremely challenging. In the UK, we've defined our child poverty target essentially against three basic measurements. First, absolute poverty based on living standards measured as a benchmark in 1998. Second, relative poverty, defined as those living on less than 60 percent of median household income. And now we are currently thirdly working on a new set of measurements – additional measure of material deprivation, which would look to capture the extent to which all children can participate in the activities enjoyed by most children in society.

Now, I want to come back to this issue in a moment about measurement and how we measure, but this commitment to eradicate child poverty lies absolutely at the heart of our approach to government. It defines our policy agenda and encapsulates much of our ambition and aspiration for our country and its people, and since 1997 we have actually made some real and significant progress.

Our focus has been firstly to make work pay through the introduction of, in the UK, the first ever national minimum wage and a system of tax credits based on your Earned Income Tax Credit. We have made a multibillion pound investment in our national delivery infrastructure. We call it "Jobcentre Plus" – creating a shop front presence in every high street in the UK, integrating welfare-to-work services and benefit administration, and we've created more tailored support, individual support under the banner of our New Deal program to help people find new jobs.

The key to tackling high levels of inactivity in the labor market has, of course, maintaining a strong and stable economic growth. There are more people in jobs in the UK than ever before – 2.4 million more than in 1997. The numbers on benefit have fallen by around a million, and with around two-thirds of the working age population in work, our employment rate is now the highest of all of the G-8 countries. We've also invested very heavily – over £20 billion – in early years and childcare provision to help people balance their work and their family responsibilities, and by 2010 our Sure Start program will provide every family with access to high quality, integrated services in their own local communities.

As well as helping people into work, we've targeted financial support at low-income families, and by October, 2006, as a result of our reforms to the tax and benefit system, the poorest fifth of families with children will be on average \$6,000 a year better off in real terms than they were in 1997. Today, we are close to a European average for child poverty measured against relative income. In 1997, we were bottom. Today, we can say that we have made the biggest improvement of any of the European countries.

And crucially as well for a Labor government, we are now achieving growth with fairness. Since 1997, incomes have grown strongly for all groups in the UK, but the poorest two-fifths have seen the largest proportional increases in incomes of all. As a

result of this progress, there were 800,000 fewer children in low-income households in 2005 compared to 1997. A proportion of children living in workless households has fallen from 18.5 percent to just under 16 percent, a reduction of nearly 400,000, and the proportion of lone parents in work has increased from 46 percent, now to over 56 percent.

Now, as a politician I find all of those statistics encouraging and behind each and every one of them, of course, are families and children who now have a better chance of getting on in life than they had before. Yet, despite all of that progress we did fall short – just – of our first interim target to reduce the number of children in low-income households by a quarter by 2005. We know we have set ourselves a challenging target and by defining child poverty against relative income, we have to ensure that the incomes of the poorest grow faster than the rest of society. Now, a traditional approach would be to simply call for an increase in benefits and Social Security spending, but if we were to achieve a lasting reduction in poverty, we've got to ensure, I believe, that families are better able to provide for themselves through work and not just rely on the state.

Yes, we have the responsibility to ensure that everyone who can work, has the help and support they need to do so, but families have their responsibilities, too, and as we all know, work is the best anti-poverty policy of all. So we need to build on the success we already have with the new ideas and the fresh thinking in the years ahead.

This autumn – this fall, we will set out a renewed strategy for how we could reach our goal of halving child poverty by 2010. My task over the months ahead is to review the work of my department and ask what more it can do. I believe that the key to making this happen in the years ahead will be to give local communities themselves the chance to be the main and principal drivers of social change.

There is a wealth of initiatives at local level here in the U.S. from which I believe the UK can and should learn. Early this week, I met members of Mayor Bloomberg's Commission for Economic Opportunity, a public-private task force that is devising strategies to tackle poverty in New York. And I visited the Harlem Children's Zone, an inspirational initiative that offers a comprehensive network of social service, education, and community-building programs to help transform opportunities for children and families in what I think people would generally accept is one of New York's most deprived neighborhoods.

In central Harlem, over three-quarters of children are born into families that live now below the poverty line. Infant mortality is more than double that of the rest of the city and foster care placements are the highest in the city, yet as the initiatives I saw prove, with successful early intervention and the right support Harlem's young children are getting the opportunity to acquire the skills they need to break out of that cycle of poverty and lay the foundations instead for a brighter, better future for themselves.

They are seeing better educational outcomes. For three consecutive years, 100 percent of those in the Harlem Gems preschool program attained school readiness at classification of average or above, and by the end of the school year almost 80 percent of

the Promise Academy kindergarteners were reading above grade level compared to only 11 percent at the start of the year. They're being supported in managing health conditions like asthma, which I think actually is a disease that is characteristic of poverty and deprivation, with asthma-related school absences dropping from 24 percent to 7 percent. And the family themselves are being helped with a range of initiatives such as Baby College, which prepares adults with the task of bringing up children, and the Family Support Center that specializes in providing crisis intervention services and support to families who are at risk to losing their children to the foster care system. The Family Support Center scored 99.29 out of 100 on the Administration for Children's Services evaluation in 2005 fiscal year with no children ending up in foster care and no families who fully engaged with center staff withdrawing or refusing services.

And I draw this conclusion from that experience in Harlem, but from other programs I've seen elsewhere: that anyone who believes that it is the public sector alone that has the answer to tackling social exclusion in the years ahead should come out and see what is going on in Harlem. A locally based, independently run organization, the Harlem Children's Zone stands out because it is giving people the belief that they have the power themselves to improve their neighborhoods from the ground up.

Harnessing the spirit of local involvement being pioneered in Harlem, I think is going to be important to us in the UK if we are to succeed in tackling poverty and deprivation because it is now primarily pockets of poverty and worklessness that stand in our way in the UK; localized areas of deprivation that are especially prevalent within some of our major towns and cities. So in the UK, that is why I recently launched a new city strategy that will harness the contribution of local partners whether in the public, private, or voluntary sectors and give them new support and greater flexibility to focus on this challenge of tackling and defeating poverty, very much along the lines of the approach taken in the Harlem Children's Zone.

Now, in the UK we have a relatively small number of areas with an employment rate that is below the EU average, but nearly all of these are in our major cities. Fifteen of the 20 local authorities with the lowest employment rates in the UK are all in the big cities. UK cities account for almost two-thirds of all of those on benefits. Take London, my city, for example, the wealthiest city in Europe, productivity – 25 percent higher than the rest of UK, a quarter and more of the work force educated at least to degree level, and yet London, my home town, has the highest levels of worklessness now in the United Kingdom, and the highest levels of child poverty in the UK. Nearly half of all children born in inner London today are born into poverty.

Now, the city strategy will incentivize local partners to take on the challenge of tackling that problem of worklessness in their own communities. We are going to provide more freedoms, new funding, and new flexibilities. In exchange, we want all local partners – employers, local authorities, health agencies, education and skills providers – to work with us to help get people into work, stay in work, and then progress through the labor market. And I believe this has the potential to transform welfare delivery in my country. We know what a difference effective, early intervention can

make. Results from programs here in the U.S. here show that every dollar invested in early years support – \$7 is saved in better education outcomes, better jobs, and – crucially – reduced crime.

Despite this, I know that our goal to eradicate child poverty remains extremely challenging. In less than a decade, we have made, as I've said at the beginning, some real and significant progress. Just to recap, in 1997, one in three kids were born into poverty. Today in the UK, it's about one in four. Progress? Yup, but still not enough. And politicians, you know, have a habit of setting targets and they set the targets because they know they can reach them; that's the easy one. We've set the target to eradicate child poverty, full stop – the hardest and most challenging social policy objective any government has ever set for itself in the United Kingdom. And we've set it at 100 percent because when you think about it if we set it lower, what would that say about our own ambition for our own people? It's not acceptable to have 30 percent, 40 percent of children, certainly in the UK, born into poor households with no chances of really getting on in life and making the most of what they can do. And it was President Clinton who said memorably about the Harlem Children's Zone that, you know: "Intelligence is equally distributed in our society, but opportunities to advance are not."

Now, that is why we formed our policy. We fabricated it in the way that we did that it had to be 100 percent because nothing else would do, and when a politician sets himself or herself that target, of course, yeah, there'll be people queuing up to say, "You're going to fail." You get to 98 percent, you failed. Of course, at one level, it would be a failure. It will be great in the UK if we got to a point where only 2 percent of children were living in poor families.

Now, in May of this year, I said that it was my priority, my department's priority to eradicate child poverty. We need to help families support themselves and to ensure that children fulfill their potential. We need to do that because it's good for society, it's good for those families, it's good for all of us. And fundamentally, no society anywhere in the world can really be prosperous, safe, and secure when millions of its children are growing up in poverty. Countries cannot afford to disregard the potential of the next generation if we are going to succeed in competing in the new global economy and I believe, finally, that the moral, social, and economic case for tackling this problem is self-evident.

Thank you very much.

(Applause.)

MR. GREENBERG: Thank you. Thank you very much. Our next speaker will be Peter Edelman. Peter's full biography is in the materials that you have. He is a professor of law at Georgetown, co-chair of the Task Force on Poverty for the Center for American Progress. He is someone who has dedicated his entire professional life to the efforts to address poverty in the United States. I look forward to Peter's comments on the U.S. and the UK. Thank you.

(Applause.)

MR. PETER EDELMAN: Well, thank you, Mark. Secretary Hutton, it's an honor to have you here with us and I think an inspiration to all of us that government in a world – the government of a large country, major country in our world would dedicate itself to eradicate child poverty and I think it should be an aim for all of us to get that aim into our discourse and to obtain commitments from our elected officials and from all of us at all levels to make that happen, understanding what you said about the context, because we need to set our aims equally high. And there's so much to learn from what you've done.

Fundamentally, I think, in terms of the policy of the last ten years in your country compared to ours, you have committed yourself to do this essentially by incentives; essentially by saying to people, "We know that you want to do better, you want to do better for yourselves, you want to do better for your families," and that if the arrangement is made so that the returns from work are clearly more remunerative than from being on welfare, on the dole, on public assistance, that people fundamentally will arrange their lives accordingly, and we chose the opposite path in this country.

We left it to the states to do as they would. We sent messages, bumper stickers that said, "Get a job," period, and that was probably the most polite way in which we put it. And some of our states, nonetheless, took the fact that this was – our 1996 welfare law was a block grant and that they could do things in a different way, and so some of our states have pursued policies that are more like yours in the UK and we can learn from that, but of course in terms of national policy we have not. We've reenacted our 1996 law not only continuing essentially the strong message of coercion and punitive approaches, but exacerbating them.

So we stand in a point in the United States where we really do need to reassess, redefine, and go in a different direction in terms of our aspirations and our proposed methodologies to eliminate child poverty and we could – we could surely start and should start usefully from learning from what you've done. We don't do a very good job of learning from what other countries have done. I think everybody here knows that, so maybe we can find a way to disguise it and say that – but, you know, even if it was the next state – even if Wisconsin was going to learn from Minnesota or vice versa, we have difficulty with that.

The first thing I think that we need to do – and here I will certainly – almost everything I say will echo what you have done in the UK – is to recognize that children live in families and that family income is – guess what? If you have a higher income, you won't live in poverty. So in some ways the proposition is very simple, but it does get more complicated because where is that money going to come from. And as you have done, I think that a major fact both substantive and political for us is to emphasize work and that our debate, our aspirations, our efforts, our policies should center around work, but in an incentivized way and in a way that does not neglect the need for a decent safety

net for people who are not in a position to work. And that should be a simple insight. Indeed, it has been an insight that to begin with somehow came more from the right than from the left in our country, and we're catching up to that, I think.

Certainly, I can tell you a preview of the work of the task force that Mark is directing and that I'm co-chairing is going to center on work as the fundamental route not just out of poverty, but to an adequate income, and that's another part of how the debate has to change in our country. Poverty for us is – in most parts of our country – in the vast majority of our country is an inadequate definition. The idea that a family of three can survive in any major city in our country and many other areas on an income of \$15,000-plus a year is ludicrous; it's impossible. Study after study shows that basically – although there are regional variations – it takes about twice that much money for a family to be able to make ends meet, and so we need to change the debate in that respect as well and be talking about our end being to see that every family in the United States has an income that they can live on.

And, you know, what's very disturbing about that is that the way our labor market is arranged that income is not going to come for many, many people solely from work. We can and must raise the minimum wage. It's a very low point. It was the equivalent of about \$2, \$2-plus higher 30-plus years ago. It's lost ground to inflation in a serious way. And obviously if we raise the minimum wage to \$7.50 an hour, as many of our states are doing on an individual basis, and indeed the politics is there to do it – you can see it at the state level in terms of what's happened in Florida, Nevada, and Michigan and other places – that will not get us all the way there. With the increase in the minimum wage to that level, people will still not have a living income – many people will still not have a living income.

Fundamentally, our labor market is – has is broken. Low wage jobs have replaced higher wage jobs. Over a period of 30 years, the median wage job in this country pays a tiny bit more than it did in real terms than it did 30 plus years ago – 1973 kind of a turning point years, most people know, in our country when the bottom dropped out of our labor market. The flight of jobs seem to kind of accelerate at that time – flight abroad and the changes in technology – and so ever since that point in time, it's gotten worse and worse for people at the lower wage. They've made no gain. We haven't stagnated as a country. We're probably twice as rich, twice as much income in real terms nationally as we were 33 years ago. It's all stuck at the top. We don't talk enough about that and that's a part of the discussion that has to take place in this country.

But we have to supplement incomes from low-wage jobs, as you have in the UK. Our Earned Income Tax Credit is a major piece of public policy that needs to be reexamined and strengthened and improved. It has made a great difference for literally millions of families in our country and we should be proud of that. In some ways, we should be ashamed of that – that our labor market causes us to have to do it, but what we have done it and it is a good thing.

And we need to be looking at things that we do not do well at all. There should be health coverage for every American for its own sake, but also because that is an income equivalent. There should be social responsibility for child care and housing help for families who need that help, and we have a lost ground in those areas and we need to regain it. So all of those things are really point number one because all those last things are an income equivalent and so if we want to end child poverty, we need to make sure that families in which those children live have an adequate income.

Secondly, we need to get back to talking about the safety net but not to replay the debate over welfare that we had, which politically was framed as a debate in isolation. Those people over there – the other people who we somehow think are inferior, some people who we think are not motivated, people who we think are some separate type of human being that got cast up on our shores, and we ought to do our best to ignore them, and to the extent that we recognize them just give them a kick on the pants and tell them to behave. The fact is that the lower income populations in our country are very fluid in general and all of these problems and policies need to be seen in a unified way; work at the center, but along with appropriate and strong change in to a proper safety net. And that is the way the debate ought to be formed.

And then we ought to understand that there are people who have small children, people who live in places that are far from work, people who are taking care of a chronically ill relative, people who are taking care of a child with serious asthma, all of whom need some particular consideration with regard to a safety net. And that is a major part of ending child welfare because that is about income.

Thirdly, we need to invest in the future and that means, obviously, making our education system work for all children. It means preparing every child for school, being ready for school at age five. It means working with parents and families to read to their children to help get their children ready for school. It means what happens in the off-school hours. It means the kind of thing that is involved with the Harlem Children's Zone. It means asking the question, how do you clone Geoffrey Canada, but also how do you – and it is not just a matter of this unique man who has been the leader for the last 30-plus years in taking the Harlem Children's Zone from very small beginnings to its present (breadth ?) throughout all of central Harlem. There are people all over this country who do wonderful work with young people, wonderful work in communities.

We had a federal program called the Youth Opportunity Grants, which was in 36 sites across the country; established during the Clinton period and zeroed out by the current administration. And the Congress went along perhaps because there were only 36 sites and therefore there were only 36 members of Congress who saw it as in their interest, and that does not add up to majority. But it was a wall to wall – it was a publically funded sort of something similar to the Harlem Children Zone, and we need to get back to that.

Indeed, one of the major challenges here in the question of investing in children is, how do we get young people clear pathways to adulthood, clear pathways to the labor

market, clear pathways on to higher education, a role for community colleges. The interesting attack in the *New York Times* recently on community colleges taking in people without high school diplomas entirely missed the point because some of the best initiatives that are taking place in this country in this general subject are community colleges which have got the authority from their states to award high school degrees. Taking in young people and not having no standards; quite the opposite: educating them, getting them their high school degrees, blurring the line between high school and college in a good way and providing an avenue of opportunity for young people.

This is a challenge that is extremely important and we know particularly that young men of color, African-American young men who are brought from a high school education are actually doing worse than they were – the situation for them deteriorated during the prosperous time of the 1990s, so the whole second challenge is investing in the future.

Fourthly we need to take account of place. The lower Ninth Ward of New Orleans is a metaphor. There are places of concentrated poverty where all of these issues that I have mentioned are exacerbated, where there are interactive effects that have results that are just disproportionately awful for people, and we simply do not focus enough on that. Katrina unfortunately illustrates that when you put an African-American face on extreme poverty in this country, the reaction is not a constructive one in political terms. And that is certainly one of the reasons why our eyes shut so fast after Katrina.

Indeed, race has to be on the table in these discussions in our country, as I am sure it is in the UK, at least in your thinking if not in the public discourse, because it is still the case that African-Americans are poor, you all know. Latinos are poor, Native Americans are poor at rates two and a half times that of the white population, and we simply do not talk about the fact that the intersection between race and poverty is one of the most dangerous places to be in our country.

So we need to frame a debate partially on race and poverty to focus on those disproportionate numbers to renew our commitment to ending discrimination to look at the problems of structural racism that are the result, the cause of the fact that schools are somehow so much worse for lower-income, African-American, and Latino children in central cities; that we have a clear cradle-to-prison pipeline in our country which is resulting in the incarceration at the end of the day of hundreds of thousands of young African-American and Latino people who as a consequence of that have four strikes against them when they get out and try to resume a life and try to find a job. All of that has to be on the table.

And finally, understand, as Secretary Hutton said so clearly, that the responsibility is not just one of national policy, it is not just one of government policy, but that it is all of us. It's in our communities and it's public and private sector. It is every sector of society. And, indeed, if we can refrain this about the point of having the national policy is heavily to empower people and enable people to work in their own communities effectively toward solutions that will mean something for people who have a human face,

where it is at a level where people can see each other and understand the challenges and the differences that we need to make. So we need to reframe the debate in our country and we need more visits from our friends in the UK to help inspire us so that we can move in the right direction.

Thank you.

(Applause.)

MR. GREENBERG: Peter, thank you very much.

I would like to begin by asking a few questions. I want to ask you that and then we will turn it over to the audience for questions that you would like to pose. And I would like to begin by asking the secretary of state, both a question about the goal-setting process and then subsequently of course about strategy.

On the goal-setting process, you indicated that the UK is making use of a relative definition of poverty as part of this process, measuring the extent of improvement in relation to median income. In the United States, we do not do it that way. We just make use of an absolute poverty definition, so it's a dollar line. It's measuring whether people are above or below that dollar line. It's only adjusted for inflation, it is not adjusted in relative terms based upon changes in income in society. So the question is, for the UK, why look both at absolute and relative? In your view, why is it important to be focusing on relative poverty for children?

SEC. HUTTON: There has for long time, Mark, been an acceptance in the UK and I think in most European countries about how we should set the level and we should define poverty. And I think we should not try and meet the objectives by torturing the data until it confesses because there is an opportunity to do that. It is the standard at accepted definition at home, and if we were to set about this social policy agenda by reformulating the definition of poverty – well, you could hear what our critics would say. They would say, well, you are doing that to make it easier to hit. Actually, the target which we are benchmarking ourselves against is the hardest of all because it is that relative income standard that we are measuring poverty against, and of course as the wealth in society increases so, too, does the bar that we want poor families to get over.

I think in a sense that is all, that is the answer to my question, but – well, maybe I should stop there. There are things I want to ask Peter about, actually, but it comes back I think fundamentally to this thing, and this is how the politics of this debate has happened in the UK. Our critics would say, look, this antipoverty drive is a diversion from central economic policy objectives. It will sort itself out as long as you get the broad conduct of economic policy right. Oh, no, it won't. Nothing ever somehow magically sorts itself out. You have got to be prepared in these kinds of areas to be willing to set social policy objectives.

I would say to critics at home that – perhaps (as well to some here?) that this is not actually an economic diversion at all. If you look at the economic challenges that we face as a country – that you face, that we face – they are very, very substantial. My own view is that the changes that are affecting the world economy now and that are affecting our own national economies are probably as profound – probably more profound than that first sort of shock caused by the Industrial Revolution 250 years ago. I think the scale and pace of changes is affecting us all very profoundly, indeed. And I think as citizens, you know, we all have a basic choice here: do we want to progress together and grow together or we will basically just grow apart. That seems to be the basic choice that we have got. And it is in, therefore, our fundamental economic self-interest, I believe, to try and grow together if we can as a society. That is the best way to create a strong society, which in turn a strong economy can be based on, and it is very, very hard.

I think of all the social policy objectives that the Labor government has set itself; unquestionably this is the hardest one. It will be the one that we are judged by ultimately and when we just narrowly missed the 25 percent reduction last year, everyone said the whole policy is a failure. And it is one of those sort of ironies of political life – you know, if we were running a business or a corporation and we set ourselves an objective to increase our sales by 25 percent and we increased them by 24 percent, our investors and all the analysts would say that is a great success, a fantastic achievement. In politics, you set yourself a 25 percent objective and you get to 24 percent on it – it is a failure. That is simply how the rules are in politics. I am not – actually, I am complaining about it, but nonetheless the progress that has been made in the UK has been astonishing. And I believe personally as a politician, again, a lot of critics about targets and setting targets and so on – if we had not set that target, the bureaucracies involved – certainly in the public sector and elsewhere – would not have moved and rallied and mobilized as well as they have done in the UK.

It has been, I think, quite an energizing period at home because all of the not-for-profit sector, the voluntary sector, public sector – they believe in this. This is really what they want to do in life and their objectives, and we have been able to capitalize on having to support that and encourage that.

MR. GREENBERG: Let me ask you one question about strategy and then let you ask Peter the question you have got. So in terms of strategy, both you and Peter talked about the importance of work, but in the UK framework there is also focus on raising the incomes of families whether or not families are in work. In the United States, at least in many discussions in the United States, those goals would be seen as in tension with each other; that by raising income of those who are not in work you are making it harder to achieve the work goals. Do you have a similar discussion there? How is it considered? How do you view the issues and striking the balances?

SEC. HUTTON: I believe the problem of poverty will not be solved simply by income transfers and benefit transfers. I mean, we are very clear about that, and it won't be. You can make some progress in that agenda, but it is not fundamentally how you tackle this problem. It is endemic; poverty has been the rallying cry in progressive

politics since the French Revolution. For 250 years, we have been waging a war against poverty. It is still with us. We haven't won it. We have tried all sorts of ways of doing it, but you have got to the balance right, Mark, in all of this. I think if you destroy incentives to work through income transfers and so on, you have got a really serious problem because fundamentally that would be counterintuitive and I think we would probably all agree with that. But you should not rule out – and we have chosen specifically to rule it in – a measure of wealth transfer through the benefit system because, quite clearly, if you look at the principal characteristics of poverty, there are some things that we really can help with in terms of the work agenda and work (based?) programs.

But somewhere that is not going to work. If you take some of the things that we have no control over – disability, for example. It is not really readily solvable through exclusively making-work-pay approaches. You have got to have a mixture of strategies there because disability in the UK certainly is one of the key characteristics of poverty. If you go around any part of the UK – my district is very typical: I have got thousands of my voters living on what we call incapacity benefits. And I have got four times as many in that category as who are actually registered unemployed. They are poor. They are going to be poor. There is no way that the benefits system itself can make the adjustments and help people through that crisis in their lives when they lose their job through disability and then look maybe they might never work again.

So you have got to get the balance right there. There are some people quite clearly who will need to have a measure of wealth transference because there is no sensible, rational, or humane way of addressing the poverty in their households that is going to be the result of that condition. But if you make that your sole tool, well that would be a big mistake. So it is a political judgment call and different political parties and systems will have a different view about that.

We have tried not to repeat the mistakes that progressive politicians in the past have made in the UK, which is simply to assume that it is a good thing to have millions of people on welfare. It's a bad thing to have millions of people on welfare because it is a sign of economic weakness and I think an improper focus in the system. It is a good thing to have proper levels of benefit to support people who cannot, for all sorts of reasons, properly support themselves. That is a good, decent thing to have.

So we are trying to get the balance right. The public will decide whether we are getting it right or not. But I think you have got to be prepared to think out of the box, and progressive politicians in particular have got to do that because our big sort of impediment – our handicap in this whole debate is that we get so easily caricatured. You know, and I think we have got to defy the caricatures because in the UK there is a broad consensus of support. We are a decent society. Poverty is an insult and an offence to us. We do not like it. But we want to make sure that if we are going to tackle it, we are doing it in a way that is actually going to work, is really going to make a difference in people's lives, and isn't going to create huge and unsustainable tax burdens for decent, hardworking families who are paying for this. So that is the balance that we have got to

get right and every country will have its own approach to that, but you have just got to be really clear.

And I think for all of us on the center and progressive left in politics, we have just got a mixture that our opponents cannot traduce our values and traduce our policy solutions for this, because it is so easily done. And I think we would make a big mistake if we fall in to that trap that, you know, all that you guys are ever interested in is high welfare spending. We've really have got to make sure that we do not allow the debate to sink into that zone because if we do – well, we know it happens. We tested that policy to destruction in the UK and we lose.

The problems of progressive parties in Europe are not that we are not left wing enough. Forget that idea. It is that our solutions have been so wide of the mark in terms of where the mainstream political opinion is, we cannot coalesce a majority for it, so we have got to be intelligent politicians on the center left if we want to win. We have got to construct a new language. I do not want to embarrass anyone on the platform here, but you guys learned that language earlier than we did in the Labor Party, and you learned it and you succeeded in the U.S. with that new language. Times change, everything changes, people move on, but if we forget the basic sort of electoral discipline about – you know, if we want to change the world, we have got to have power. It is very easy to rail against the world when you are in opposition. I have done it. It sucks. (Laughter.) But you cannot change anything at all, so that is the electoral reality of the business.

And it is good and healthy for democratic center-left politicians to understand that new agenda I think. I think increasingly in Europe they do, and it is very important that we build that platform of progressive values in Europe, help shape our colleagues and friends around the world and make progress as a world progressive political alliance.

MR. GREENBERG: I do want to open to the audience, but did you want to ask Peter a question before we do?

SEC. HUTTON: I have forgotten what it is now, actually. I think it was to do with race. I mean, race is a very major issue for all of us and I did not refer to it in my remarks and I was very struck by how powerfully you spoke about race as an issue in tackling poverty. The same is true in the UK. You look at neighborhoods in Britain that have large numbers of people from ethnic minority communities, they are overwhelmingly poor communities. And race is an increasingly sort of sensitive political issue at home. I think politicians of the progressive center have got to be prepared to tackle this issue and raise it in the debate about poverty, and I was very struck by the strength at which you made that point.

MR. GREENBERG: At this point, initially let me ask if there are any members of the media here who would like to ask a first question, and for anyone who does wish to ask a question, if you could state your name and your affiliation just for purposes of the transcript. Any immediate questions? Okay, then let me open it up to our first questioner.

Q: Hi. I am Michael Weisman (sp), George Washington University. Mr. Secretary, listening to your comments I am reminded by the fact that we have heard resolutions before by a series of visitors: David Blunkett, Andy Smith, (unintelligible) Darling, and in your shoes even Richard Matram (ph). It sounds very good, but there seems to be a central problem in our relationship; that is, that we have an alliance on the foreign policy area, but dramatic differences in the sort of sense of the appropriate directions for domestic policy. I am interested in asking you as a progressive – putting back on your hat as a progressive, there is a problem in our international relationship and just how much of our domestic affairs you can be involved in. Nonetheless, we need your contribution as progressives, so how do we work out a connection that recognizes the differences in domestic policy and lets your progressive vision be communicated and work its way within our domestic operation while at the same time meeting the political constraints under which you operate. Are there specific points of contact that you see these relationships working out without compromising the larger foreign policy and international connection with the Bush administration?

MR. GREENBERG: And, Mr. Secretary, let me just say, that potentially could call for a very extended answer. I do want to be mindful just to give a number of people opportunities to ask some questions.

SEC. HUTTON: Well, Mark, I am very reassured to know that everyone who has done this job before has come with the same message because you always worry about that. I think it is certainly not part of my mission here to intrude to any extent into U.S. domestic political issues. I am mindful of the fact that that is not appropriate for me and I am not trying to do that. However, there are and have been sustained contacts between the Democrats and my political party. I welcome that and I very much believe that that is a good fruitful dialogue. We should continue with that. But, look, all political parties – the Democrats, progressive politicians in the U.S. – you guys have got to work out the priorities that you think are relevant for your country and how you can then build that coalition of support for them. All we can do in sort of parties abroad, in Europe, around the world who share a basic sense of values that are consistent between us is just to keep the dialogue open between us.

And the dialogue is open. I am very, very happy to say that. We talk to people here; you guys come over to the UK. Bring it on. Let's continue to have that. I hope that was an appropriate thing to say, actually. (Laughter.) It might have been, but we should definitely continue to have a dialogue about that. But, look, you guys have got to work it out. I am not here to tell you how to do it. But I think it is, again, what Peter said: if we are all going to make progress together, and we very much want to do that, the first condition is we have all got to be willing to listen and learn, and on the progressive side of politics change our outlook and our views on this because political parties that do not change are the ones who go down. We've got to keep moving. We've got to be ahead of the debate. We've got to be ahead of where our opponents are. We have got to be honest about that, too. I think the answer to it, Michael, is dialogue, communication. There are very good networks between Democrats and Labor. That is a good thing.

MR. GREENBERG: Yes?

Q: (Off mike) I'm a blogger, so you can't really call me a journalist. I was curious about the whole tie-in with the outsourcing debate. I mean, we were talking about work and (performance related?) issues, and I think outsourcing is something that has to be put the agenda, right? And I also interested about what the UK is doing with respect to what governments can do in terms of (positive enforcement?) of anti-discrimination measures. We have a couple of good statutes on our books here, but we have virtually ineffective enforcement under the this administration. But in the UK, you have mentioned not only the ethnic minorities, but you have got religious minorities in Northern Ireland. And 80 percent of the dole there is Catholic, so what is being done in terms of the government enforcement of the anti-discrimination measures?

SEC. HUTTON: Well, we are reorganizing the legal basis for all of this work in the UK and at the moment. We are creating a single, unified, equalities human rights commission that will have the principal job of policing, enforcing, and ensuring that the legislation of principal statutes are being properly adhered to, so they will be doing the strategic enforcement law.

It is very difficult to expect the legislation to really change culture and attitudes if principally the only people who can really take it on are the individual litigants themselves, because there are all sorts of barriers and impediments facing litigants who are thinking about trying to exercise their rights and so on. So we have decided to go for models which involve strategic enforcement agencies and human rights commissions and so on.

I think it is important to get the anti-discrimination legislation right, let me say that. It's only this year, for example, in the UK that we are bringing in to affect anti-ageist discrimination, which has been on the statute book here in the States for a long time. I do not, however, believe myself that culture attitudes change simply by passing legislation. I do not think you can do it without it because it sends a very strong signal about what is acceptable and what is not and what types of behavior and acceptable and what are not, but I think the legislation of this is going to have, I think, the greatest impact here on the war on poverty – apart from race and sex, which we have covered – is in your legislation on disability discrimination, which has only been on the statute book in its first powerful form for a few years.

Now, I think that has the potential to really make a breakthrough, if we can get it right, in preparing employers for the reality that disabled people should have exactly the same right to work as able-bodied people, and the legislation has got to support that entitlement to work. That will require changes in attitudes in hiring and workplace practices and so on for disabled people. I think that can make a really big difference.

MR. GREENBERG: Are there any other questions? Yes?

Q: Okay, this is a question for you, Professor. I am a congressional coalition on adoption intern with Senator Johnson's office, and being a former foster youth myself I have definitely dealt with the poverty level in the United States. And for the foster youth to succeed there has to be funding. They cannot go to college with all the expenses that they need without funding and help and programs, because there are too many expenses for them and to work a full-time job and go to school full time. This is too difficult. What is the United States doing under our current administration to provide funding for youths so they can get better jobs to get out of that poverty level?

MR. EDELMAN: Are you asking specifically about foster youth, when they are still in foster care and age out of the system?

Q: Yes.

MR. EDELMAN: Well, we have since – I do not know – ten-plus years, the late Senator Chafee was the lead person on it – a modest federal program that puts money out to the states to promote pathways to independence for those foster youth who stay in the system until they are 18. Of course, you know, having been a foster child yourself, that for someone to still be in the foster system at age 18 raises questions in and of itself. Why weren't they able to go home to their biological parents, to be in kinship care with grandparents, or to be adopted along the way? But sometimes it is not a failure of policy.

So I would say to you that we are not nearly where we need to be, but it is not just a matter of federal responsibility. We need to be very clear about that: there should be more funding from the federal government, there should be some probably redistribution of the way in which we invest our foster care money, which is not sufficiently on prevention of placement in the first place – tends to be concentrated in ways where the incentives are at least in some respects to prolong placement. The laws also push in some ways to the contrary. But the states have a responsibility and you are just right: this is an important problem that deserves greater attention.

MR. GREENBERG: Let us do several questions lumped together so that we can be sure to get in a number. You? So very quick questions so we can get answers.

Q: You mentioned incentives. I would like to know what incentives work? Which ones are you most excited about? I know about incentives for employers, but what other kind of incentives do you use? I am Karen Anthony (sp). I'm with the Federal Office of Child Support.

MR. GREENBERG: Okay, let's get another question.

Q: Suzanne Bergeron, National Urban League. Given the positive relationship between education and postsecondary education and income, what strategies are you using in the UK to facilitate that in addition to the work strategy?

MR. GREENBERG: One more.

Q: Adam Taylor with *Sojourners*. I wonder if you could comment a little bit more about the politics behind the goal and the achievement of the goal, particularly in terms of civil society. What have been some of the more vocal groups in support and how have those politics shaped the government's commitment to achieving the goal?

MR. GREENBERG: So incentives, education, and the politics.

SEC. HUTTON: Let me deal with the politics first. I think the benefit and the importance of the target has been quite striking because it very difficult for our political opponents to say, "Actually, we do not agree with that policy. You know, we'd only have 50 percent child poverty." It is quite a difficult thing. I think in a sense at home basically everyone is okay with the target. Where the argument is is about how you get there. That is actually quite a healthy thing; it is a good thing to have a kind of broad, bipartisan view that this is the right course of travel. But the politics are basically around about means rather than the ends. That is real progress in the UK.

As I said, I have tried to give to give you guys some context. Twenty years ago, that was not true. There was a kind of sense that poverty is inevitable. We just have to deal with it. It is going to be there and let us not worry too much about it. It will be trickle-down economics and so on. Everyone will just get on.

We know that does not work. That is not the way forward. So there has been progress, but I think the challenge for progressive politicians is to say to our opponents, look, you will the ends, but you have got to be prepared to will the means, and that is a combination of funding decisions; yes, policy; how you are going to – a colleague mentioned outsourcing earlier. That is where the language of the debate has been back home and I think that is a good thing. That is a good territory for the process to be on. We are setting the agenda for others to catch up. Fine.

The incentives is a very, very interesting question and we really could be here all day if we wanted to talk about that. What has worked and what has helped things in the UK? I think the tax credits have been very powerful. I think the national minimum wage has been a really big step forward for us. The national minimum wage in the UK, I think, is about £5.40 an hour, so that would be about \$8.50, something like that. That is quite a reasonable sort of platform. There are problems about enforcement there. A lot of employers go under the radar and so on. We are trying to deal with that.

In some of the specific programs, the incentives that have really helped us – I mean, we are talking essentially about child poverty, I know, today, but if we just broaden out just a little bit to deal with how we are tackling poverty more generally, it is about, for example disability, and lone parents.

One of the things that we are trying to do – we have a major problem in the UK, and I know you do as well, about the numbers of Americans who are actually claiming invalidity or sickness benefit and so who aren't economically active. We've pioneered

and tried to test out a whole new approach to getting people who are on those kinds of benefits back into work. And if we can get them a job – if we can get them an entry-level job, we pay them on top of that all of the other benefits that they would get – another £40 a week – just to make sure to those guys that they are going to be better off if they come off benefit and go into work. And then we try and work with them in that first few months when there in work to make sure that things are working out, they have got the right support, and so on.

So we are basically tossing out a whole range of incentives, but those incentives – and getting sole parents back in to work as well, we do a similar top up in some areas. We're testing this approach out in parts of the UK now, offering the lone parents who take a job that extra £40 a week on top of everything else, the tax credits, the help that they get with housing costs, and so on. It works. If you can create that clear, blue water between being on benefits and being better off in work, that is when you get breakthrough, and we've tried to do that.

I notice you're from the child support – you work in child support. This is one part of the UK system that really has failed, if I can be absolutely blunt. We have only just broken even 15 years into our child support system. We are just now just about paying out more to families than it costs us to actually run the system. This has been really not a great success story for us. If we can get the child support system working properly, with basically really proper and powerful incentives, getting the child support system and separating parents to reach agreement on (maintenance?) and so on, I think that could help support the antipoverty agenda very powerfully as well, because the other great characteristic of UK poverty would be single parenthood. You have got race, disability, family breakdown, that is when you get into the zone – and poor educational qualifications. That is where the mass of people that we are trying to work with are located.

Education is finally – it's a very, very important point to make about all of this. By definition it is the longest term bit of the program because you do not see the results necessarily until the kids have been right the way through the school system and hopefully gone on to college. And that is why our policy is that sort of 20-year radar sort of (zone?) to it, but it is a fundamental part of the agenda and everything else you do on income redistribution, benefit transfer, welfare to work, it has got to be underpinned by recognition of the important role education has in breaking down these barriers to social mobility.

The UK – we've seen huge increases in participation in higher education and university enrollment, but the relative proportions of blue-collar middle class has broadly stayed the same. We have got a different system of funding for the higher education in the UK: we have grants, we have interest free loans and so on, but we have not really yet found the right way to motor ahead on getting blue-collar families, working-class families participating in higher education because if there is on really important long-term objective of all of this, it is to increase the participation rates in higher education. If we do that, we really do break the intergenerational poverty link. And we do not have the

answer to that. We are doing all we can to try and stimulate and encourage participation rates, but we are still looking and we're still working to try and get the balance right.

MR. GREENBERG: Mr. Secretary, it's 10:10. I know your schedule is very tight. Do you have time for one more question or should we –

SEC. HUTTON: I've learned over the years that it's always the last question that you take when you're given the opportunity to go that's the real sort of trouble. I will take one more.

MR. GREENBERG: One last question?

SEC. HUTTON: As long as it is easy. (Laughter.)

MR. GREENBERG: Julie.

Q: (Off mike.) Mr. Secretary, I am curious about the measuring – evaluating the poverty measure. Are you combining earnings and benefits or are you only evaluating the progress based on earnings?

SEC. HUTTON: It is combined. We are trying to evaluate – obviously, we have research and evaluation built into all the progress that we – the measures that we are taking. Our Sure Start program that I reflected very briefly in my remarks is – it's basically something like the Harlem Children's Zone project: integrated, local community, infrastructure support services, starting with young kids, dealing with parenting issues, and so on; facilitating access to other services, health, education, welfare, and so on. That program is one of our flagship reforms and it is subject to very, very close scrutiny and evaluation. And it is right: you have got to do that, because you win the argument by proving that things are working – that the reforms and the investment making are actually having the effect that you had intended. And in fact, we opened up the whole program of tackling poverty to independent scrutiny, academic research, evaluation, and so on.

MR. GREENBERG: Peter, a last comment?

MR. EDELMAN: I am just delighted to have been here and to learn. Thank you very much.

MR. GREENBERG: Mr. Secretary, Peter, thank you very much. We greatly appreciate your being able to be here to share the story with us. It is an important one which we look to continue to follow and to learn from.

Thank you again.

(END)