

# Constructive Conservatism: A Bottom-Up Approach to Tackling Poverty

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## Intro

Thank you so much, Arthur [Brooks], for that introduction. It's an honor to be here today at AEI with all of you, and I deeply appreciate your invitation to speak with you on the critical issue of poverty.

When you decide to talk about poverty it's a dangerous thing, not only because it can be a touchy subject, but because such great minds have tackled it in the past, including right here at AEI. Whether it's Arthur Brooks, or Charles Murray, or James Q. Wilson who I was honored to be with at the last speech I gave at AEI, it's a tall order.

This may disappoint you, but it's unlikely we are going to solve the problem of poverty this morning. But I do hope that

when you leave here today, it's with a new perspective and some new ideas about how we can address the central challenge of our time—restoring to this nation the promise of opportunity, resurrecting the principle that every American should be able to rise as far as their God-given talent and willingness to work can take them, without regard to their last name or their zip code.

### **War on Poverty**

Fifty years ago, President Lyndon Johnson went before the American people and said that he was ready to take our country to war.

But this was to be a war unlike any other in our history. It was not against a foreign enemy, it would not be fought with guns and bombs. This was to be a war on poverty.

Against the problem of children going hungry and people living in hopelessness and despair, we would bring to bear the full power of the federal government.

And we would beat poverty, just as we had defeated enemies in the past.

And yet, fifty years later, there is a sense among many, even some on the left, that the war on poverty has been lost.

We see the proof of that failure in the **47 million Americans** who are **living in poverty** even today, even here in the richest country in the world, even though according to some measures we have spent over **\$15 trillion on poverty reduction programs over the last five decades**. In fact, according to one report, so-called "**deep poverty**"—those making **less than 50 percent of the poverty line**—recently "has reached its **highest level on record**," **6.6 percent**, or **more than 20 million Americans**.

### **The Opportunity Gap**

We hear a lot about the growing income equality gap these days, but we don't hear as much about what is driving it. Yes, the rich are getting richer, but the real problem is that the middle class is shrinking—along with their paychecks—and too few people are

rising out of poverty, starting small businesses, getting decent jobs, and living their dreams.

The income gap gets the headlines, but it's the opportunity gap, the lack of upward mobility, that should concern us all.

Arthur has written about this before, and there's one statistic he often cites that is particularly striking to me. Of those people who **were poor in 1980—who were in the bottom quintile when it comes to income—21 percent of them had risen to the middle class by 1990.**

But those who started off in the **bottom quintile in 1995?** They had only a **15 percent chance of reaching the middle class by 2005.** In less than a single generation, we suffered a **one-third decline in income mobility.** And if you looked at it today, with more people dropping out of the workforce than at any time since the Carter Administration, I believe the statistics would be even worse.

The American Dream used to be about creating a better life for your kids and grandkids. That was the dream that brought so many from around the world to our shores, including the Portman family over a century ago.

But today, for millions of Americans, that seems like a faraway dream. Today, most Americans think their children will not be better off than they are. And with good reason. The middle class has shrunk and is shrinking. Many of the people who were able to climb out of poverty in the last few decades are falling back into it. So many Americans are losing ground, and losing hope.

### **Big Change Needed, Not Going to Happen Under Obama**

Turning that tide is going to take more than minimum wage increases and unemployment benefit extensions. It will take more than nice speeches and promises of hope and change. Those of us in this room have some pretty good ideas about where we should start to take action.

We need to create the environment where business and jobs will grow again and, in an increasingly competitive global economy, we need to move urgently to prevent America from falling behind. I believe that will require structural reforms: overhauling all the basic institutions of our economy including our tax code, trade policies, regulatory framework, healthcare system, energy policy, and certainly our broken education system that is failing so many in poor neighborhoods. It's all here in the Senate GOP Jobs for America plan that I authored, and that all 45 Republican Senators have signed on to.

JFK once famously said that a rising tide lifts all boats. These are the kind of pro-growth reforms that could create that tide, generating opportunity for all Americans.

We need to do all these things—and more—but we also have to understand that while they are necessary, they are not sufficient.

Someone who is in the clutches of drug addiction, who has been in and out of prison, who dropped out of school and has no real skills—you can create all the jobs in the world and it's not going to help that person.

We can get this economy moving again, we can see the stock market go to record levels, we can see the unemployment rate drop, but too many people will still be left behind from that rising tide, too many boats in too many communities still stuck on the shoals.

That's why, in addition to our important work to get the economy moving again, we cannot forget about those left behind.

So today, I want to offer a few thoughts and approaches to the problem of persistent poverty that are achievable, even in a divided Washington, even with an Administration that seems more interested in talking about these problems than doing anything about them. President Bush rightly talked about compassionate conservatism. I call this approach “**constructive conservatism.**”

## Constructive Conservatism

In the face of the growing sense that the typical, top-down Washington-based anti-poverty programs aren't working, too many conservatives—too many in my party—avoid talking about poverty and how to address it. But we cannot be a great country if we do not act to help the least fortunate among us, and we cannot be a great party if we don't lead on this issue.

So instead of abdicating the field, we should be applying conservative principles to the problems of our day in a **pragmatic, commonsense way**, tackling issues from the **bottom up instead of the top down**, applying **proven methods** that have worked before and will work again. There are several key elements to such a constructive conservative approach at the federal level.

They include:

1. Evidence—providing the best research available and insisting on evidenced-based programs.

2. Best practices—taking what has worked around the country and spreading those practices to other communities
3. Leverage—using short-term federal matching funds to leverage more support and buy-in locally
4. Outcome analysis—simply put, requiring that programs measure results and report on them.

We know these tools work, but we are not using them in an effective way to help those in the most vulnerable communities.

We tend to talk about poverty in broad strokes. We rightly focus on the breakdown of the family, of the failure of social institutions, of a growing divide in America. **Reversing the breakdown of the family, reinforcing the American work ethic that has resulted in much of the prosperity we enjoy, creating a society that strives for opportunity and rejects dependency—that's the hard work of generations.**

And yet there are issues that undermine families, that cause that break-down, that stymie the work ethic, that create despondency and dependency, that we **can** address today and that I know would make a big difference because I have seen it before. Things like drug addiction, shockingly high rates of recidivism, people in the revolving door of prison, and a lack of resources and support for vulnerable children who inherit poverty and are at risk because of it. These problems don't get the headlines, their impact is harder to measure, but they are crying out for redress.

There's a striking statistic that we hear often that I believe helps illustrate why these issues are so pressing. We know that **when kids finish high school, get a full-time job, and wait till they are married until they have children, only two percent of them will end up in poverty.** Just two percent.

That's a great statistic. But **tell it to a child whose father is in jail, whose mother struggles with addiction, who has no**

**reason to believe that the future holds anything for him but more of the same.**

**Here's another, more sobering statistic: kids who grow up poor are 90 percent more likely than children who've never been in poverty to enter their 20s without completing high school. They are four times more likely to give birth outside of marriage during their teenage years.**

**Families and communities, broken by drug abuse, repeat incarceration, and a lack of hope or opportunity, are increasingly what drives poverty.**

**Now I am not an academic, but I have spent some twenty years tackling these issues on the ground, crafting evidence-based, legislative solutions founded on what has worked—and what hasn't—in our communities and in our states. I've learned much from those efforts, a learning process that really started with my work on drug abuse.**

## **Drug Addiction**

Poverty and drug abuse are topics we often talk about separately to different groups with different priorities. And yet, they are intimately tied together.

We know, of course, that drug abuse and drug addiction bedevils communities rich and poor, and a big house and a nice car does not make one immune to drug abuse.

But I can tell you that drug abuse is particularly devastating to communities that are already vulnerable, where unemployment rates are high, where people don't have the skills or the training they need to get a good job, whether it's the poor Appalachian counties in southern Ohio that have been devastated by the prescription drug epidemic, or the poor neighborhoods in our inner cities that are now reeling from the surge in heroin, in overdoses, and in violence: the gangs and the crime that builds up around the drug trade.

You cannot talk about poverty without talking about addiction, and addiction is something that a war on drugs is never going to solve.

**Michael McGrath**, Cleveland's Chief of Police recently came to a roundtable discussion I organized in his inner city. Chief McGrath was a young officer when cocaine hit the streets in the 80s.

So 30 years later, Chief McGrath is returning to the same homes to arrest those same convicts' children for the same crimes. And now *their* kids are being left without fathers, the odds against them from the beginning, the cycle of poverty starting all over again.

Fortunately, after more than a trillion dollars spent in the war on drugs and thousands of lives lost, we are starting to understand that arrest, prosecution, and incarceration are not enough.

Instead, we have to start where addiction starts and end where addiction ends.

It starts in our communities.

In 1996 when I was just starting out in Congress, one of my constituents came to see me. She told me a story about her son, Jeff Gardner. Jeff had died of a drug overdose when he was only 16 years old, a combination of marijuana and huffing gas. His mother had come into town for an anti-drug conference, because she wanted to make sure that Jeff's death would do some good. And she wanted to know from me what we were doing to make a difference.

I thought I was ready for the question. I told her about the \$15 billion a year we were spending on arrest, on prosecutions, on interdiction of drugs on the border, and eradication in places like Colombia. She asked me what good that did for Jeff, and what good it was going to do for her other son, or the kids in her community.

It was a question I couldn't answer.

So I did some research. I talked to the experts. I tried to find out what was working well and what wasn't working at all. Based on what I learned, I joined with community leaders around my home town of Cincinnati to found the Coalition for a Drug-Free Greater Cincinnati

It was a broad, grassroots coalition that we built to address the needs in our neighborhoods, not with a top-down approach from Washington, **but with an evidence and research based one influenced by what we were seeing on the ground.** We focused on **prevention, awareness, education.**

Because of the success I saw in Cincinnati, in 1997 I authored the **Drug Free Communities Act.** The results have been beyond anything I imagined. There are now **similar coalitions** operating around all the country, 2000 of which have been directly supported by that legislation.

To give you some idea of their impact, in the communities where these coalitions are operating, **use of alcohol, tobacco, and marijuana** have declined significantly in all grade levels, with middle school alcohol use **down 20 percent, tobacco use down 26 percent, and marijuana use down 23 percent.**

These coalitions are successful because they are a community asset and a community institution, not a government one. They reduce access and availability to drugs, raise awareness about consequences of abuse and build skills in youth, parents, and communities to deal with the drug of the moment. But one of the greatest strengths of community coalitions is the way they build partnerships within the community to change attitudes and change social norms. Because of this, they are well situated to deal with emerging drug trends, whether it's heroin, prescription drug abuse, or synthetic drugs.

Now there's a lot of discussion in Washington about how to do a better job when it comes to treating drug addiction.

**Treatment is difficult. It's expensive, and the success rate is low.** That's why we need new, innovative, science-based strategies to treat the disease of addiction, and the place we are seeing them developed is in our communities. For instance, Ohio has several pilot programs of an exciting new medication-assisted treatment that could be a game changer for recovery.

**Washington is ill-equipped to respond to what's happening on the ground. States have been called the laboratory of Democracy; these coalitions and other non-profits are the laboratory of drug addiction treatment.** They are in the field, getting their hands dirty. They are seeing what works and what doesn't. So when we are thinking about policy solutions here, we need to be looking out there to what's working.

One area where we are doing that and where we have seen the most progress on addiction treatment is in reentry for those leaving the criminal justice system and returning home.

### **High Recidivism**

Drug abuse starts in our communities, but it often ends in prison.

As many as **85 percent of people who go through the criminal justice system struggle with drug and alcohol abuse and addiction**, which in turn drives high recidivism rates. Prisons are crowded and **95 percent of people who are in jail or prison will be released one day**, but according to the Bureau of Justice Statistics, more than **two-thirds of these newly released inmates are re-incarcerated within three years because they never deal with the issues that led to arrest in the first place**. And when people are in and out of prison, it means more crimes, more fathers and mothers who are not in their kids' lives, more broken families—and since families are the heart of any community—more broken communities and more poverty, as well.

We have to get serious about rehabilitation if we want to change that. We can do so with a **little constructive**

**conservatism by supporting evidence-based programs that address the needs of newly released inmates in areas like job skills, substance abuse, mental health, housing and family support.**

We know that properly designed prisoner reentry programs work. A decade ago I authored the **Second Chance Act**. Since its enactment in 2009, the Act has supported over **300 local, tribal and state agencies, nonprofits and faith-based organizations** working to help transition inmates back into their communities with the help they need to stay out of prison. Like the Drug Free Communities Act, we followed the principles of constructive conservatism: evidenced-based best practices, leverage, and outcome analysis.

The data show that this investment is paying off. **States like my home state of Ohio that have embraced the Second Chance Act have seen significant decreases in recidivism. In Ohio and Texas, recidivism has fallen by 11 percent. It's**

**down 15 percent in Kansas and a remarkable 18 percent in Michigan**, saving taxpayers tens of millions of dollars.

Now I am working on a bipartisan basis to reauthorize Second Chance with an even more effective bottom up approach, learning from our experience on the ground about what works and what doesn't.

But I don't want to stop there. I want to take what we have learned from **Second Chance and apply those lessons directly to the *federal* prison system. New legislation I have introduced with Sen. Sheldon Whitehouse—the Recidivism Reduction and Public Safety Act**—will implement the same proven, evidence-based methods in justice reinvestment and reentry in the federal system.

The Bureau of Prisons spends nearly **\$7 billion each year, and each inmate in federal prison costs taxpayers around \$30,000 annually**. Reductions in the recidivism rate will save taxpayers hundreds of millions of dollars over the next decade.

But the true fruit of our efforts will be the thousands of men and women who we can save from the downward spiral of drugs and repeated incarceration who will instead come to know the dignity and self-respect that comes from a job and from taking care of a family.

This is an area where we could use an assist from the President. President Obama recently announced that he would grant clemency to thousands of non-violent drug offenders. That may be within his power, but it's like placing a Band-Aid on a deep wound. It may cover up the problem of prison overcrowding today, but it doesn't address the deeper problem that drives recidivism. So instead of taking the easy path of executive action, I would ask the President to come to Congress and work with us to pass our legislation to reform federal prisons, leveraging our criminal justice system to incentivize long-term solutions based on what we know works to help people get out of prison and stay out,

things like diversion programs and drug courts, job training, and treatment for addiction and mental health.

## **Sex Trafficking**

We also cannot forget about the vulnerable kids who are growing up in difficult situations today, particularly when it comes to the horrible crime of sex trafficking.

Trafficking is both a result of poverty and a driver of poverty. It not only leads to material deprivation, but deprivation of the soul. And it is not just a problem in other countries like Nigeria. It is something we are seeing here, today, in communities around the United States.

The U.S. Department of Justice says that approximately 300,000 children are at risk of being trafficked and exploited, and this exploitation often involves trapping these young people through drug addiction. This is a crime that preys on children who are made vulnerable by situations outside of their control.

Research shows many of these kids have been abused, involved

in foster care, their parents are absent, incarcerated or drug addicted.

And here too, there is a role for the federal government. We have a need today to bring to scale best practices that are working in our communities to reach vulnerable kids before they are exploited. It will take an all hands on deck approach. It will take federal funding streams used to leverage community buy in; it will take government systems partnering with victims services; it will take solutions that can't be crafted in Washington alone.

I've worked with a number of my colleagues on both sides of the aisle in the Senate since I founded the Senate Caucus to End Human Trafficking with Senator Richard Blumenthal, and now I have a bill that has passed the Senate Finance Committee with Senator Ron Wyden called the Child Sex Trafficking Data and Response Act. This bill ensures that agencies that receive federal dollars treat kids who are sex trafficked like victims, not criminals. It also increases coordination between agencies, and holds child

welfare agencies accountable for providing better data on the number of kids being sex trafficked so that we can get a handle on the scale and the contours of the problem.

We all hope for a day when no children are abused or exploited. But until we get there, we need to make sure that the victims of these crimes can get the treatment they need while ensuring the federal government does more to identify and incentivize evidence-based methods and best practices in this area.

### **Government Can't Do Everything**

Help people break the grip of addiction. Help them leave prison behind and get the skills they need to work a job they can be proud of. Help them build a better life for themselves, for their families, and for their communities. Help the most vulnerable young people among us. You do that, and we could make a real difference in the lives of millions of Americans who are trapped in poverty.

And yet, while Washington has a role to play and can use its resources more wisely, as we've discussed today, we also need to realize that government can't solve the problem of poverty on its own.

When he launched the War on Poverty, Lyndon Johnson said something prophetic that those of us in this room and around this city would do well to remember. "For the war against poverty will not be won here in Washington," he said. "It must be won in the field, in every private home, in every public office, from the courthouse to the White House."

And he was right. But Washington strayed from that approach over the next five decades. We must get back there. Constructive conservatism understands both the key role the national government can play in addressing persistent poverty—and the limitations of a top-down approach.

It's time to put ourselves back on a path where community institutions and community leadership is our foundation, where

government is in support of approaches that work, not dictating solutions from above. Every step we take down that path from here, every success we have, we aren't just saving lives, we are restoring the hopes and the dreams of millions today and millions more yet unborn. And that is something worth fighting for.