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Statement of Carolyn Maloney
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I want to thank Sen. Kennedy for requesting today's important hearing on poverty in America. Sen. Kennedy has devoted his career to being a strong and vocal champion for the poor. Our hearts go out to him and wish him well with his recovery. I also want to thank to our witnesses for testifying.

Today, our nation's leaders are focused on the unfolding financial crisis. Yesterday, in testimony before this committee, Federal Reserve Chairman Bernanke said that the U.S. is facing "grave threats" to financial stability and warned that the credit crisis has started to damage household and business spending. We need to act swiftly to pass legislation that will bring stability to our financial system, but also shield Main Street from paying too high a price for the mistakes made on Wall Street.

The financial crisis may seem far removed from the problem of poverty: the bottom 80 percent of households only own 9.4 percent of all stocks – including stock in retirement funds. But, the financial troubles on Wall Street have already been working their way down to Main Street. Unemployment is rising and real wages are now as low as they were in September 2001. As Chairman Bernanke said yesterday, "Economic activity appears to have decelerated broadly." He went on to say that if we do not address the financial crisis, more jobs will be lost.

Poverty tends to rise and fall with the strength of the economy. During the economic expansion of the Clinton era, when unemployment hovered around 4 percent, poverty fell to 11.3 percent, its lowest level in decades. However, the weak economic recovery of the 2000s under the current Administration, did not lead to further reduction in poverty and it now stands more than a full percentage point above its 2000 level.

Today in the United States, one out of every eight people – over 37 million – is living in poverty. That so many of our citizens toil in poverty is a testament to how far we need to go to ensure that all of us enjoy the fruits of our economic growth. The majority of people living in poverty are among the working poor.

Poverty in America is the result of millions of jobs that do not pay enough to ensure families can make ends meet. Over a quarter of U.S. jobs pay low wages and do not provide health insurance or a retirement plan, according to the Center for Economic and Policy Research.

Other nations have made great strides against poverty by establishing clear policy targets. For example, the United Kingdom has embarked on an ambitious plan to cut poverty in half in ten years and we should look to them as a model. As they have demonstrated, reducing poverty

requires a variety of policy steps, from raising the minimum wage and expanding the Earned Income Tax Credit, to guaranteeing child care assistance.

Parenthood should not put you on a path toward poverty. We must ensure that everyone – including low-wage workers – can find the right balance and not have to choose between their children and a paycheck. In recognition of this, as a part of their anti-poverty agenda, UK policymakers passed legislation that allows workers to request a flexible schedule. Sen. Kennedy and I have introduced similar legislation, the Working Families Flexibility Act (HR 4301 and S 2419), and I hope we can work together to get it passed in the next Congress.

To fight poverty, we must understand who is poor. Most analysts agree that the U.S. poverty measure is outdated and inappropriate for measuring true need. Our measure does not take account of how taxes, non-cash benefits, and work-related and medical expenses affect well-being. Further, the U.S. poverty measure does not account for how the costs of basic goods and services have changed since the 1960s or how costs differ by geography. Our panelists today will provide recommendations for addressing the measurement issue.

I look forward to today's testimonies to help us understand how we can take action to reduce poverty in America.