

U.S. DEPARTMENT OF THE TREASURY

Press Center



Secretary Lew Op-Ed: A Proven Way to Fight Poverty

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WASHINGTON – In an op-ed to be published in the March 5, 2014 edition of POLITICO, Treasury Secretary Jacob J. Lew discusses the importance of expanding the Earned Income Tax Credit (EITC), as laid out in the President’s Fiscal Year 2015 budget proposal, to raise living standards, strengthen businesses, and lift millions of working Americans out of poverty.

Read the piece [online](#).

The text of the piece follows:

A Proven Way to Fight Poverty

One of the principles that has always bound America together is the fundamental belief that if you work hard and play by the rules, you can get ahead. It was this principle that helped build the largest, most vibrant middle class the world has ever known.

But economic trends over recent decades have undermined this basic bargain and eroded economic security for many Americans. The truth is, even though we have fought our way back from the worst recession since the Great Depression, too many working families are barely keeping their heads above water.

This week, President Barack Obama sent Congress his latest budget, and it is focused on restoring opportunity by making sure hard work pays off. It does this by putting forward proven strategies that can really make a difference now and well into the future. Today’s challenges have been long in the making, and they require us to focus on solutions that are backed by evidence.

That is why a key part of the president’s plan to strengthen opportunity and grow the middle class is an expansion of a provision in the Tax Code known as the Earned Income Tax Credit. This tax credit — along with a strong minimum wage — has the power to raise living standards and lift millions of working Americans out of poverty.

Over the past few decades, the EITC has been one of the most effective anti-poverty programs we have seen. In a time of increasing inequality, this credit consistently lets families climb the economic ladder. It helps about half of all parents at some point. Together with the refundable Child Tax Credit, it helps keep about 10 million Americans, including more than 5 million children, out of poverty. And the EITC is proven to have potent ripple effects by improving the health of infants, increasing college enrollment and expanding employment — things essential to keeping us competitive as a country.

The EITC began under President Gerald Ford, and it has throughout its history enjoyed bipartisan support. In fact, this tax credit has been extended or expanded by every president since it was created — including a substantial expansion in 2009 that the president is calling on Congress to make permanent. And today, leaders across the political spectrum hail its benefits, with Democratic and Republican lawmakers putting forward proposals to make it even more effective.

One reason this credit has garnered such broad support is that its impact goes beyond bolstering the finances of working families. Over time, it has helped transform our Tax Code so it rewards parents for bringing home a paycheck. In other words, because of the EITC, our tax system does not push working families into poverty — it pulls them into the workforce.

Jacob J. Lew is the U.S. secretary of the treasury.