

Economic Justice

ISSUE STATEMENT

As the social work profession moves into in the 21st century, iteration of critical economic policy priorities is essential. These priorities include promoting just policies that build a universal system of support, promote financial security, and provide an adequate safety net for those in need.

Poverty in America

Based on 2015 data from the U.S. Census Bureau (2016), 13.5 percent of Americans are living in poverty. This translates to over 45 million individuals. Over 19.7 percent of this country's children less than 18 years of age lived in poverty in 2015. Income disparities (U.S. Census Bureau, 2016) by race and ethnicity continue to persist. According to the U.S. Census Bureau (2016), 9.1 percent of white Americans lived in poverty compared with 24.1 percent of black Americans, 11.4 percent of Asian Americans, and 21.4 percent of Hispanic Americans.

Minimum Wage and Living Wage

The minimum wage (U.S. Department of Labor, n.d.) varies from state to state. Currently, the federal minimum wage is \$7.25 an hour (Minimum-Wage.org, n.d.). The fundamental idea of establishing a minimum wage is to set an earnings threshold under which our society is not willing to let families slip. However, universally minimum wages fall short in determining the basic expenses of families and whether those expenses far exceed the minimum wage, especially in considering the geographical variations in living expenses. Thus, it is often true that many working adults receive

public assistance, such as food stamps, or work at several minimum wage jobs to afford to feed, clothe, house, and pay for medical care for themselves and their families.

Therefore establishing a living wage (Minimum-Wage.org, n.d.), which is a more realistic approximation of the annual income needed to meet a family's basic needs that would more reasonably enable the working poor to achieve financial independence while maintaining housing and food security, is an essential step to realistically begin to address economic injustices. However, the primary issue is to first set a national minimum wage rate well above \$7.25 per hour. Getting broad acceptance of a living wage is the next hurdle.

Inequality in Wealth Distribution

In the United States, wealth is very much controlled by a relatively small number of people (Domhoff, 2013). As of 2010, the top 1 percent of households (the upper class) owned 35.4 percent of all privately held wealth, and the next 19 percent (managers, professionals, and small business owners) held 53.5 percent of America's wealth. Therefore, only 20 percent of the people owned over 89 percent of the wealth. This means that the remaining 80 percent of all Americans owned 11 percent of the country's wealth (Domhoff, 2013).

Food Insecurity

Succinctly speaking, *food security* (U.S. Department of Agriculture, Economic Research Service, n.d.) is the capacity by all people to always have access to enough food for an

active, healthy life. The most recent statistics indicate that 42.2 million Americans live in food insecure households (Feeding America.org, n.d.), including more than 13 million children.

Inequities in Access to Affordable Housing

As stated by the National Coalition for the Homeless (n.d.), “Housing represents the fundamental base-solution to the problem of homelessness. The lack of affordable housing and the limited scale of housing assistance programs contribute to the current housing crisis and to homelessness. This deficit of affordable housing has led to high rent burdens, overcrowding, and substandard housing, which has not only forced many people to become homeless but has also put a growing number of people at risk of becoming homeless” (para. 1).

According to the How Housing Matters Survey conducted by the MacArthur Foundation (2016), one-third of adults (34 percent) report that they know someone who has or have themselves been evicted, foreclosed on, or lost their housing in the past five years. Three in 10 adults (31 percent) spend more than 30 percent of their monthly household income on their rent or mortgage payment. In addition, over half of the U.S. public (53 percent) reported that they have made sacrifices over the past three years to be able to cover their rent or mortgage including getting an additional job, ceasing to save for retirement, taking on credit card debt, cutting back on healthy food, and delaying health care. The same study found that African Americans and Hispanic Americans are affected at higher rates by the lack of affordable housing. Rental housing is increasingly becoming unaffordable and low-income people who live in urban areas (many of whom pay more than 30 percent of their income to cover housing costs) are enduring the most unequal access to affordable housing.

Health Disparities in the Context of Economic Injustice

When we discuss the issue of health disparities, we often think of race and ethnicity as the

primary determinant of unequal access to quality health care. However, experts have suggested that, although race can play a role in health disparities based on biological determinants (Kawachi, Daniels, & Robinson, 2005) of certain health conditions, race is a proxy for class and socioeconomic status (Kawachi et al., 2005). Therefore, the issue of health disparities can and should be discussed in the context of economic justice.

Education Disparities in the Context of Economic Injustice

Most social workers would agree that the pathway out of poverty is education. Yet, paradoxically, economic injustice makes that pathway very hard to follow. Low-income children are significantly less likely to succeed in school than their more affluent counterparts. Parents’ educational attainment and household poverty status are associated with the quality of children’s educational experiences and their academic performance (National Center for Education Statistics [NCES], n.d.), whether they are in public school, in private school, or being homeschooled. For example, research suggests that living in poverty during early childhood is related to lower levels of academic performance—beginning in kindergarten and extending through elementary and high school—and lower rates of high school completion (NCES, n.d.).

Effects of Welfare Reform

In 1996, Temporary Assistance for Needy Families (TANF), the signature program associated with welfare reform, turned 20 years old. Congress created TANF through the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (U.S. Department of Health and Human Services, 1996) as part of a federal effort to “end welfare as we know it” (Center on Budget and Policy Priorities [CBPP], 2015). From its inception, TANF was supposed to help low-income families move off of cash assistance to self-sufficiency through employment. According to CBPP (2015), employment rates improved significantly among single

mothers in TANF's early years. However, that level of employment started declining more than a decade ago. The share of never-married mothers with a high school education or less who were employed jumped from 51 percent in 1992 to a high of 76 percent in 2000, but by 2013 it had fallen back to 63 percent, about the same level as in 1996. Although the sharp improvement in employment among single mothers in the 1990s is often attributed to welfare reform, research has shown that other factors—especially a very strong labor market (with unemployment as low as 4 percent) and the Earned Income Tax Credit (EITC)—were far more important.

Work Requirement of Supplemental Nutrition Assistance Program (SNAP)

In 2016, at least 500,000 (and perhaps 1 million) of the nation's poorest people will lose SNAP benefits due to the reinstatement, in many areas, of a three-month limit on SNAP benefits for unemployed adults ages 18 to 49 years who are not disabled or raising minor children. These individuals will lose their food assistance benefits after three months regardless of how hard they are looking for work. Twenty-two states require or are choosing to reimpose this work requirement (CBPP, 2016).

Impact of Economic Crisis of 2008

The impact of the economic crash of 2008 cannot be understated. Households in the United States lost an average of \$5,800 (Pew Charitable Trust, 2010) in income due to reduced economic growth during the acute stage of the financial crisis from September 2008 through the end of 2009. Costs to the federal government due to its interventions to ease the financial crisis amounted to \$2,050, on average, for each American household. Also, the combined peak loss from declining stock and home values totaled nearly \$100,000, on average per U.S. household, during the July 2008 to March 2009 period.

In addition, the economic crisis of 2008 disproportionately sapped the wealth of black and Hispanic Americans because of foreclosures, often due to predatory mortgage lending (Kraly, 2002). During the first three years of the foreclosure crisis (Gruenstein Bocian, Li, & Ernst, 2010), from January 2007 through the end of 2009, it is estimated that 2.5 million foreclosures were completed. A profile of those who lose their homes reveals the following:

- Most families who lost homes were non-Hispanic and white, but African American and Latino families were disproportionately affected relative to their share of mortgage originations.
- Among recent borrowers, nearly 8 percent of both African American and Latino Americans have lost their homes to foreclosures, compared with 4.5 percent of white Americans (Gruenstein Bocian et al., 2010).

The racial and ethnic disparities in these estimated foreclosure rates hold even after controlling for differences in income patterns between demographic groups.

Racial and Gender Disparities in Employment Rates

White unemployment rate is at 4.3 percent as compared with 8.6 percent for black and 5.7 percent for Hispanic unemployment rates. Although the overall unemployment rate for women (Department of Numbers, n.d.) is lower than that for men, when we factor in race, the picture changes. For example, in 2014 African American women (Hamm, 2015) had the highest unemployment rate among women (10.5 percent) compared with white women (5.2 percent).

Debt and Poor Credit Rating

It is well known that communities of color have not had equal access to credit, dampening their ability to build assets. One of the culprits in the racial and ethnic disparities in access to consumer credit and paying higher interest rates was the deregulation of the lending

industry during the 1980s. Credit card companies targeted consumers of color with card offers, but at terms and conditions that were often economically detrimental (Dēmos, n.d.). For example, in 2008, low- to middle-income Hispanic families had an average of \$10,002 in credit card debt, whereas white families had an average of \$9,775 and African American families had an average of \$7,390 in credit card debt. However, the estimated annual percentage rate paid on the credit card was an average of 17 percent for African Americans, 16 percent for Hispanic Americans, and 14 percent for white Americans (Dēmos, n.d.). Also, according to 2008 data, 39 percent of Hispanic and African Americans had used their credit cards to pay for basic living expenses such as rent, mortgage, groceries, utilities, or insurance because they did not have enough available cash; this is compared with 35 percent of white Americans (Dēmos, n.d.).

The racial and ethnic disparities in levels of indebtedness are significant. Hispanic Americans dedicate 56 percent of their monthly income to pay monthly debt, whereas African Americans dedicate 53 percent and white Americans dedicate 47 percent. In addition, in 2008 a higher percentage of African Americans reported being closer to bankruptcy, being called by bill collectors, or having their cars repossessed as compared with white Americans. In the same year, 37 percent of Hispanic Americans, 34 percent of African American, and 18 percent of white Americans had a settlement agreement with a credit card company (Dēmos, n.d.).

POLICY STATEMENT

NASW has been a champion of economic justice and equity since its inception. The social work profession was founded on the notion that those living in poverty are often politically marginalized and in need of advocates to help mitigate their plight. NASW believes that America must fully use and develop available, productive, and creative human resources and capacities. We reject any suggestions that the United States cannot achieve economic reforms that lead to economic justice and end economic

disparities based on race, ethnicity, and gender. Therefore, NASW supports the following:

- the commitment of social workers to continue to be vocal, strong, and proactive advocates for economic justice from a social justice and ethical point of view.
- policies and legislation that maintain the social safety net related to food security. This position includes ensuring that SNAP is fully funded.
- the immediate establishment of a national minimum wage of \$15 per hour. We further support a national policy of establishing a living wage based on geographical cost of living variations.
- the end to predatory mortgage lending that has historically depleted wealth from low- and moderate-income Americans through foreclosures. We also support serious criminal penalties for predatory mortgage lenders.
- legislation, policies, and programs that significantly address the paucity of affordable housing (especially rental housing) in the United States. We support increased rental subsidies for low- and moderate-income families and individuals.
- policies, programs, and legislation that recognize the direct link of low education attainment to generational poverty. We support increased preschool education for low-income children, expansion of after-school programs, and increased psychosocial support for at-risk families.
- advocacy and legislative support for long-term authorization of EITC, which has proven to be one of the most important income safety-net programs.
- advocacy for the full adherence to and enforce of the Credit Card Bill of Rights of 2009, so that consumers no longer fall victim to predatory credit card practices.
- creation of a Consumer Financial Protection Bureau, to provide needed regulation and oversight of the credit card industry.
- a review of the current TANF program to determine how it can be reformed to meet the

realistic income and employment needs of indigent heads of households and their families. We support an end to linking employment attainment to receiving financial assistance, especially in the face of the inadequacy of the current minimum wage in achieving self-sufficiency.

- elimination of the work requirement for childless single adults to receive SNAP benefits.
- national legislation and policies that end or greatly regulate payday loan businesses that have preyed on low-income, mostly people of color with extremely exorbitant interest rate.
- national policies, legislation, and programs that address disparities in the unemployment rate based on race and gender.
- a policy of full employment at all levels for all those able to work, with a range of alternative work patterns and strategies to address conditions if the economy is unable to sustain full employment.

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Policy statement approved by the NASW Delegate Assembly, August 2017. This policy statement supersedes the policy statement on Poverty and Economic Justice approved by the Delegate Assembly in August 2008. For further information, contact the National Association of Social Workers, 750 First Street, NE, Suite 800, Washington, DC 20002-4241. Telephone: 202-408-8600; e-mail: press@socialworkers.org