

# ELECTION 2008: Voting the Common Good

## The Persistence of Poverty in the U.S. <sup>1</sup>

The state of the U.S. economy has emerged as the most important issue among many U.S. voters. Besieged by rising costs in food, utilities, fuel, housing, health care, college education and battered by financial crises, a majority of Americans are faced with growing anxiety about their futures. While the candidates focus on the declining well-being of the middle class, the deepening poverty of low-wage workers and the increasing ranks of the unemployed have become invisible. At the same time the country is witnessing an increased income gap between the top-income households and the low-income households (See the Supplementary material on Income Inequality).

**Poverty in the  
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of our country.**

— *Poverty in America: A Threat  
to the Common Good*  
Catholic Charities USA

Two recent government reports indicate that poverty is on the rise in the U.S. In August 2008 the U.S. Census Bureau released new data indicating that 816,000 more Americans fell below the poverty line in 2007, raising the number of people in poverty to 37.3 million, 12.5 percent of the population.<sup>2</sup> The number of children living in poverty jumped by 500,000 to 13.3 million. The child poverty rate climbed from 17.4 percent in 2006 to 18.0 percent in 2007. Even these figures do not adequately reflect the actual number of people in poverty due to the government's ways of calculating poverty.<sup>3</sup>

The second report from the Bureau of Labor Department Statistics presents a grim picture for the future. The unemployment rate jumped to 6.1% in the month of July, the highest jobless rate since 2003. Payrolls fell by 84,000 jobs and both rising unemployment and declining payrolls show signs of acceleration.<sup>4</sup>

Catholic Charities in its Policy Paper, *Poverty in America: A Threat to the Common Good* (2006) puts a human face of suffering on these stark statistics.

- We see this suffering in the faces of infants who do not get adequate health care and nutrition and in the faces of children who cannot get quality child care and early childhood education.
- We see it in the faces of people who live in neighborhoods of concentrated poverty and who have limited educational opportunities and little access to jobs that pay livable wages. Tragically, they far too often end up in the criminal justice system.
- We see it in the faces of the working poor who struggle to hold down two and three jobs and still cannot feed their children or find affordable housing. These daily struggles for survival put incredible strain on family life and often contribute to the break up of marriages and families.
- We see it in the vacant eyes of homeless people. Many suffer from mental illness and have no access to mental health services that could help them. Others are veterans who have fought for our freedom. Still others are young families that have fallen through the tattered safety net.
- We see it in the faces of immigrants and refugees who struggle to leave their homes, cross the border, and make a new life in the United States. Looking only for food for their families and a more dignified life, many die in the deserts they cross or work in exploitive conditions in their attempts to find a new future in a new land.
- We see it in the faces of elderly citizens, especially women, who are dehumanized and demoralized when they have to choose between utilities and food.



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**ELECTION2008**

These are the faces that fill the inner cities and rural areas across the landscape of the wealthiest and most powerful nation in the world. Their poverty is a “moral and social wound in the soul” of America.<sup>5</sup> A wound that all too many refuse to recognize and to heal.

### A Political Question

The question of why the U.S. does not address the reality of persistent poverty in our midst is at heart a political question. The government has the means and the skills to enact political and social measures that would move toward the elimination of poverty in our cities and rural areas, but it does not choose to use them. In part it is because politicians have not made poverty eradication a national priority and in part because the citizens do not demand it.

But this inertia is more than just the lack of political will. It is an unresolved political debate among the citizens, their representatives and between the two major political parties concerning the role of government relative to assisting people to move out of poverty. Does the Constitution guarantee citizens’ economic rights or does it simply guarantee their economic opportunities? Do government assistance programs promote dependency and distort the market? Is the market an adequate instrument to address the needs of those in poverty? What is the role of personal responsibility? There are vehement defenders on all sides of these questions. It is a debate that needs to be aired during the campaign.

The history of the political economy in the U.S. over the last century illustrates how the debate has played out in U.S. policies.

### The New Deal

Following upon the era of laissez faire capitalism, the rise of the Robber Barons and the Gilded Age, the stock market collapsed in 1929 setting off the worldwide Great Depression. From 1929 to 1933 unemployment in the U.S. increased from 4% to 25%; manufacturing output was reduced by one-third; and the value of the dollar dropped, pushing people into great debt.

The New Deal, under Franklin D. Roosevelt, launched an activist federal government that dramatically increased its power and established the presidency as the prominent center of authority. While the success of the New Deal is debated among scholars, its programs did stabilize an eroding economy and improve the lives of many people in the U.S. Its various work programs (Public Works Administration, Works Progress Administration and its youth programs) put people back to work and at the same time provided infrastructure improvements. It strengthened the collective bargaining power of workers through its support of Unions. It also brought regulatory discipline into the banking and financial systems and it addressed the poverty of the elderly with the creation of Social Security. Its lasting legacy has been the Federal Deposit Insurance Corporation (FDIC), the Federal Housing Administration (FHA), Social Security and the Securities and Exchange Com-

mission (SEC): all of which have been in the news recently. The New Deal also set up a new social contract defining the role of government in the people’s lives.

The New Deal was not without its critics and some programs were declared unconstitutional. Critiques ranged from government overreaching its authority, to fiscal irresponsibility, to economic fascism, to communism. While most historians believe the New Deal helped resolve the Great Depression, economists are less sure. The economic crisis of the Great Depression was not fully resolved until World War II.

A clear failure of the New Deal was its neglect of the problems endured by African Americans and Native Americans. Less than 10% of the programs actually helped those populations which were among the poorest in the U.S. That agenda would have to wait for the 1960s and Lyndon B. Johnson’s Great Society and War on Poverty.

### The Great Society

The Great Society (1965) was in the tradition of the New Deal although it was launched under very different circumstances. The New Deal was a response to the grave economic crisis of the Great Depression; the Great Society was conceived during a time of economic prosperity for the country at large, but it was also a time of civil unrest. The Civil Rights movement was gaining momentum; urban riots were breaking out across the country and anti-Vietnam war sentiment was on the rise causing severe political backlash.

The goal of the Great Society was two-fold: to eradicate racism and to eliminate poverty and hunger.

The series of Civil Rights Bills passed during the 1960s were the most important social achievement of the Great Society, although the task of eradicating racism remains unfinished. However, the War on Poverty was the most controversial effort and most of its anti-poverty efforts were gutted during the Nixon and Ford administrations with only a few of its programs still maintaining broad bipartisan support, such as Medicare and Medicaid, food stamps and student aid. Despite the controversy in the decade following the War on Poverty, poverty rates in the U.S. dropped to their lowest level to date: 11%. The poverty rate for African Americans fell from 55% to 27% in 1968 (See the Supplementary material on Racism and Poverty).

In the 1970s Richard Nixon confronted the issue of hunger in America by convening a White House Conference on Food, Nutrition and Health and the Senate Select Committee on Nutrition and Human Needs was formed. Through a decade-long bipartisan effort the foundations for the current food assistance programs were laid. These programs continue to address the serious, chronic malnutrition in the U.S. today, with nearly 28 million Americans receiving food stamps, more than 17.5 million low-income children receiving free or reduced

price school meals and more than 8 million women and children receiving Women, Infants and Children (WIC) benefits. Despite these programs, hunger still persists as a serious problem plaguing more than 35.5 million Americans.<sup>6</sup> Hunger, of course, is a direct effect of poverty.

### A Change of Course

By the 1980s with the change in Administrations and growing criticism of the “liberal welfare state,” the political commitment to end poverty waned and the new wave of neo-conservative thinking began to reshape the government’s approach to economic policy. In his first campaign for the Presidency, Ronald Reagan promised to “get government off” the backs of the American public and his election ushered in a series of changes that reversed the direction of U.S. economic and social policy toward those in poverty. The shift was from government support programs to personal responsibility. Social safety net programs were slashed leaving the most vulnerable in the economy with few resources either personal or government funded.

The clearest symbol of that switch was the replacement of Aid to Families with Dependent Children (AFDC) by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (TANF) which was actually passed during the Clinton administration. The claim was that TANF would “end welfare as we know it.” However, the goal of TANF was not so much to move people out of poverty, as to move them off the welfare rolls and put them to work. Former welfare recipients, primarily women, were generally able to secure only low paying jobs which did not move them out of poverty. With every increase in income they might earn, they lost some benefits. The rules made TANF a no-win game. Nevertheless, the poverty level during the Clinton years did decrease, but that was due more to the economic expansion of the 1990s than to any new initiatives in poverty reduction.

The past 30 years have witnessed the diminishment of the role of government and the dismantling of the social contract put in motion by the New Deal. The ruling economic principle has been the free market works best for everyone’s benefit. The least form of government is deemed the best form of government. Deregulation has been the chief lever and has cut across the economy from airlines, to energy, to financial institutions. Unions have lost members and leverage to assist the workers who are experiencing stagnating wages and the loss of benefits and pensions.

If the poverty rate is the barometer, these past thirty years have not been a success for those in poverty despite an apparently strong economy according to aggregate statistics. With the economic expansion of the 1990s, some people enjoyed an increase in wages and employment, but that trend was soon reversed in the early 2000s and poverty has been on the increase since 2001 even though the economy as a whole has been in a long recovery. Given the current economic slow-

down, rising prices and the financial crises, the rate of poverty is almost certain to increase in the near future.

Poverty rates are highest in central cities and rural areas. While the majority of poor Americans are white, the percentage of people of color living in poverty is much higher. The poverty rate for non-Hispanic whites is 8% while the rate for African Americans is 24.1%, for Hispanics, 21.8% and for Native Americans, 23.2%. Children, especially children of color, have the highest rates of poverty in the U.S.<sup>7</sup> (See Supplementary material on Racism and Poverty).

This short run through 20th century political economic history has been to illustrate the different approaches taken toward poverty and the role of government and their impact on the most economically vulnerable among its citizens. The country is entering into another period of economic stress and people in poverty will be the most seriously affected. Policy decisions do make a difference in people’s lives for better or for worse. What then do we want to see as the role of government in the economy in the 21st century and what kind of policy decisions do we want to see made?

### What does Catholic Social Teaching say?

The most succinct and comprehensive CST commentary on the U.S. economy is the U.S. Bishops’ pastoral letter, *Economic Justice for All* (EJA) written in 1986. EJA is well worth review during this period of economic downturn and presidential and congressional campaigns. The issues raised in the document and in subsequent documents based on it remain key to economic life and survival today. It speaks to the need for a moral vision for the economy that moves from individualism and economic efficiency to justice and social solidarity. The role of government is a necessary actor in that shift:<sup>8</sup>

Society as a whole, acting through public and private institutions, has the moral responsibility to enhance human dignity and protect human rights. . . . (G)overnment has an essential responsibility in this area. This does not mean that government has the primary or exclusive role, but it does have a positive moral responsibility in safeguarding human rights and ensuring that the minimum conditions of human dignity are met for all (EJA, #18).

All people have a right to life and a right to secure the basic necessities of life (e.g., food, clothing, shelter; education, health care, a safe environment and economic security) (A Place at the Table, 25).

In economic life, free markets have both clear advantages and limits; government has essential responsibilities and limitations; voluntary groups have irreplaceable roles but cannot substitute for the proper working of the market and the just policies of the state (A Place at the Table, 26).

Within this moral framework government has a particular responsibility to people in poverty.

The obligation to provide justice for all means that the poor have the single most urgent economic claim on the conscience of the nation (EJA, #86).

Decisions must be judged in light of what they do for the poor, what they do to the poor, and what they enable the poor to do *for themselves* [italics in original] (EJA, #26).

The principle of participation leads us (Bishops) to the conviction that the most appropriate and fundamental solutions to poverty will be those that enable people to take control of their lives. For poverty is not merely the lack of adequate financial resources. It entails a more profound kind of deprivation, a denial of full participation in the economic, social and political life of society and an inability to influence decisions that affect one's life (EJA, #188).

Pope John Paul II in his encyclical *On Human Labor* (1981) identified a key path to participation for those in poverty – work. People need jobs in the industrial and post-industrial world. “It is certainly true that work, as a human issue, is at the very center of the social question . . . (#3). The question of poverty eradication cannot be addressed without addressing the issues of unemployment and underemployment or by ignoring the fundamental right of workers to join unions and other mechanisms for collective bargaining. But employment can only lead people out of poverty if it guarantees a living wage for the worker and her/his dependents, health and social security benefits and a safe working environment.

Because work (is) so important, people have a right to employment. In return for their labor, workers have a right to wages and other benefits sufficient to sustain life in dignity (EJA, #103).

Government should assume a positive role in generating employment and establishing fair labor practices, in guaranteeing the provision and maintenance of the economy's infrastructure, such as road, bridges, harbors, public means of communication and transport (EJA, #123).

Full employment is the foundation of a just economy. The most urgent priority for domestic economic policy is the creation of new jobs with adequate pay and decent working conditions (EJA, #136).

While recognizing the various roles of institutions in society, such as the market, businesses, unions, financial and educational institutions, etc., CST clearly identifies government as an essential actor to ensure that all of society works toward the eradication of poverty and the attainment of the common good. To date the presidential candidates have not adequately addressed these issues. Where should they begin?

## Identifying the Issues – Seeking Solutions

A current report on chronic poverty through economic downturns and economic boom times identifies five traps that people find themselves in: 1. lack of job opportunities, 2. insecurity, 3. political invisibility, 4. location, and 5. discrimination.<sup>9</sup> Analyzing chronic poverty through these traps enables policy makers to use multiple approaches to enable people to move out of poverty—or even to stay out of poverty in this time of economic crisis.

**Lack of Job Opportunities:** Simply put, people are poor because they lack income which puts employment as a key to moving out of poverty. Today, it is not only the persistent poor who lack adequate employment but a growing number of the middle class is either stagnating or has fallen out of their former secure and well paying jobs. People have a right to work and government has an obligation to support that right. In addition to a job, people seeking to move beyond poverty need work support. Two main challenges confront the Administration: job creation and adequate work support programs. The issue of job creation was discussed in the Election 2008 issue brief, “Livelihoods in a Globalizing World,” [www.coc.org/Election2008](http://www.coc.org/Election2008). There is much work to be done. The government can facilitate job creation in its own programs and by offering incentives to the private sector to invest in local employment ventures.

- Job Creation
  - Updating the U.S. crumbling infrastructure;
  - Green jobs for energy efficiency;
  - Revitalizing devastated neighborhoods;
  - Community development projects;
  - Building affordable housing;
  - Developing rural America.
- Work Support Programs (See Supplementary materials on Gender and Poverty)
  - Guarantee access to child care assistance to low and moderate income families;
  - Reduce inequities across states in child care assistance through Federal funds;
  - Provide means to affordable transportation;
  - Increase incentives for expanding mass transit;
  - Paid Parental leave.

**Insecurity:** For the majority of U.S. workers their major income is their paycheck and many live from paycheck to paycheck lacking any reserve to increase their assets. In times of stress—either personal, such as illness or accident, or societal, such as economic crisis—they have nothing to fall back on. Their coping mechanisms often lead them into deeper insecurity such as building credit card debt or borrowing from predatory lenders, both with exorbitant interest rates. Often they have no other option, putting the future in jeopardy in order to survive in the present. What can be done?

- Reward work: to use John Edwards' words. Revise the concept of the minimum wage to a living wage and benefits sufficient to allow the worker and her/his dependents to live with security and dignity;
- Guarantee universal and affordable health care;
- Increase the Earned Income Tax Credit (EITC) and eliminate the EITC marriage penalty;
- Regulate the local lending industry to control predatory lending;
- Encourage asset building;
- Regulate financial institutions.

**Political Invisibility:** People in poverty remain invisible and voiceless in our society. Often blamed for their situation, they lack the means for effective political participation. Because they are judged responsible for their alleged "failure," there is little public sentiment or will to address their basic needs and rights. What can be done?

- Revitalize the Union movement;
- Specifically, enact the Employee Free Choice Act to give workers a real choice to form a union;
- Enforce existing labor laws;
- Support effective community organizing efforts relative to poverty issues.

**Location:** Poverty clusters in urban centers and rural areas. These areas often lack basic public services, such as health care facilities, adequate schools, social services, affordable transportation, adequate housing, grocery stores, recreational facilities. They often breed violence, foster the drug trade and court despair, especially among the young. What can be done?

- Invest in affordable housing in mixed neighborhoods;
- Increase the number of housing vouchers to enable people to move;
- Expand the number of Community Development Banks;
- Revitalize devastated neighborhoods;
- Invest in rural community development including on Indian Reservations;
- Improve public services, especially health care and education.

**Discrimination:** It is no coincidence that the people who are most trapped in poverty are African Americans, Hispanic Americans, Native Americans, women and their children. While some members of these social groupings have moved out of poverty, too many still are mired in a poverty that is generational and fostered by past and continuing discrimination. Can we as a society move beyond this discrimination?

- Strengthen the Civil Rights Division of the Justice Department;
- Ensure the Equal Employment Opportunities Commission (EEOC) fulfills its original mandate;
- Reinvigorate the Legal Services Corporation for people in poverty;
- Lead by example: engage a highly diversified administration.

## Conclusion

In effect, these recommendations are calling for a renewal of the social contract between the government and the citizens. The government is not expected to do all the programs listed, but it is expected to take leadership in rebuilding a social contract and social solidarity among the citizens.

A current poll indicates that the primary concern of the majority of voters is the economy. It also indicates that the voters do not think either candidate has focused on their primary concern. It is time they do.

As Catholics and Christians we can foster that discussion by challenging both parties to identify their economic agendas and priorities. As voters we need to review the Party Platforms and the Candidates' issue briefs on poverty issues on their websites. As Catholics and Christians committed to an option for those in poverty, check the Platform for the Convention on the Common Good (see [www.coc.org/election2008](http://www.coc.org/election2008)). We can challenge the candidates to be guided by the principles of CST so clearly stated in the following:

*The needs of the poor take priority over the desires of the rich; the rights of workers over the maximization of profits; the preservation of the environment over uncontrolled industrial expansion; production to meet social needs over protection for military purposes (EJA, #94).*

- 1 This paper is focusing on domestic poverty. A forthcoming paper will address global poverty.
- 2 Robert Greenstein, "Statement on the New Census Bureau Data on Poverty, Income, and Health Insurance," Center on Budget and Policy Priorities, August 26, 2008.
- 3 One of the problems of calculating poverty is definitional. The government's definition (2005 threshold for a family of four was \$19,961) is widely considered to be out of date. Official thresholds have fallen well below income growth for middle and upper class families, isolating people in poverty even more. In 1960, the poverty line for a family of four was 48% of median family income; now it is 29%. A more accurate poverty threshold would be twice the current amount, or about \$40,000 a year for a family of four. (Lawrence Mishel, Jared Bernstein, and Sylvia Alegretto, *The State of Working America 2006-2007*, Economic Policy Institute, 2006, 11; Catholic Charities, *Poverty in America: A Threat to the Common Good*, 2006, 11).
- 4 Jared Bernstein and Heidi Shierholz. "Jobs Picture," Economic Policy Institute, September 5, 2008.
- 5 Catholic Charities, pp. 1-2.
- 6 The information on the history of U.S. political economy comes from several sources, including entries in Wikipedia on the "New Deal," "The Great Society" and "The War Against Poverty"; American Prospect, "The Changing Face of Poverty in America";

Housing Assistance Council, "Poverty in Rural America"; Second Harvest, "Learn about Hunger"; and "Declare War on Hunger Again," statement by Senator Bob Casey (D-PA) and George McGovern.

7 (Catholic Charities, 2006, vi).

8 This analysis is focused primarily on the persistence of poverty in an affluent society, so the references to *Economic Justice for All* will be limited to topics relevant to this issue. To gain the full richness of their reflection on CST and the economy, the full pastoral letter is essential reading. *Economic Justice for All: Pastoral Letter on Catholic Social Teaching and the U.S. Economy*, USCCB, 1986; and *A Place at the Table: A Catholic Recommitment to Overcome Poverty and to Respect the Dignity of all God's Children*, USCCB, 2002.

9 *The Chronic Poverty Report 2008-09: Escaping Poverty Traps*, Chronic Poverty Research Centre, Brooks World Poverty Institute, University of Manchester, UK. 2008, p.vii.