

■ UNITED STATES OF AMERICA

When social welfare is not a priority



A planned federal budget cut of USD 143 billion to social development programs to offset a deficit that still may grow due to an increase in military spending of almost USD 200 billion jeopardizes social safety net programs such as food stamps, student loans, and state-provided medical services. For many people employment is not enough to escape poverty and sexual and racial discrimination continue to suppress women's earnings.

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Poverty threatens the nation's security

The United States of America is far from achieving its commitments to poverty eradication and social inclusion, especially for women, as agreed to 10 years ago at the World Summit for Social Development (Copenhagen, 1995) and the Beijing Fourth World Conference on Women. One of every eight adult women living in the US was living in poverty in 2004.¹ As a result of increased pressure to end government assistance to low-income mothers, more poor women have jobs but their lives and the lives of their families have not improved. The cost of living in the US has risen steadily without corresponding wage increases. Minimal health care has become unaffordable and women have less time to spend at home. Poverty and social exclusion are not just women's issues but affect all families and communities. More than six million children are left home alone after school each day. Almost 900,000 children each year are victims of abuse or neglect and approximately one American child or teen is killed by gunfire every three hours.² Until the Government acknowledges that 13 million children live in poverty and takes corrective action, the security and well-being of the country is threatened from within.

The working poor

For a large and growing number of families, employment is not enough to escape poverty. Although citizens are earning more, with real per capita income growing 66% between 1973 and 2000, the percentage of impoverished families remained roughly the same at just over 11%.³ Poverty persists in part be-

cause the prices of basic necessities such as food, housing and transportation are increasing faster than wages. In 2004 most workers' wages (adjusted for inflation) either stayed the same or decreased while just the top 5% saw their earnings increase.⁴ Workers earning the federally mandated minimum wage (USD 5.15 per hour) have not seen an increase since 1997. The law does not index the minimum wage to inflation and so its value erodes over time. Minimum wage workers today earn one-third the average hourly rate considered by the US federal Government to be sufficient to keep a family of four out of poverty (USD 8,000 less in annual income). A total of 15 states have established higher minimum wage laws, with 5 states requiring at least USD 7.00 per hour,⁵ which still is not enough to lift a family of four above the poverty line.

The number of people in working poor families has grown significantly in the last decade. President Bill Clinton's 1996 welfare reform program pushed former welfare recipients into workforce jobs - employment typically without health care benefits and wages so low they keep workforce employees in poverty. By 2003 the welfare reform measures left 35.9 million US citizens and residents living below the national poverty line.⁶

For three years in a row, the number of women below the poverty threshold has increased. Today 13.8 million adult women - one out of every eight - live in poverty. For non-white women and single mothers, it is far worse. Approximately one out of every four live in poverty due to racial discrimination, occupational segregation, decreased access to quality education and disproportionately high levels of unemployment.⁷

On average women aged 65 years and above live six years longer than males in the same age group. Therefore they are typically widowed, live alone and struggle to make ends meet on a small, fixed income. Less than one third of retired women in 2000 received a pension compared to 47% of all

men, usually because the women worked part-time and therefore did not qualify for this benefit. The federal Social Security program is the only source of income for one out of every four elderly women, and two out of every three depend upon Social Security for at least half of their personal income.⁸ Studies predict that without Social Security, two-thirds of unmarried women over 65 years of age who live alone would be living in poverty.⁹

The gender and racial wage gap

A decade ago the US accepted the Convention on the Elimination of All Forms of Discrimination against Women and committed itself to achieve equality between women and men. Yet today, the average woman makes just 76 cents for every dollar made by the average man, which is up from 71 cents in 1995.¹⁰ The wage gap for minority women is even greater when contrasted against the 1999 salaries of white men. African American women earned 62.5%, Native American women earned 57.8% and Hispanic women earned 52.5% of the average salary earned by a white man.¹¹ Racial discrimination combined with occupational segregation creates formidable barriers to employment, promotion and higher earnings. Non-white women are still grossly underrepresented in a number of high paying jobs. Discrimination based on sex and race continues to suppress women's earnings.¹²

Laws addressing wage and gender inequity enacted since the 1960s but they are not adequately enforced. The George W Bush Administration has cut initiatives to fund the enforcement of pay discrimination laws and is discontinuing the collection of data on women workers - even going so far as to remove information on the wage gap from the Department of Labor website.¹³ Inequality and discrimination will continue to occur if the sex-disaggregated data needed for a gender analysis is not generated.

1 Women's Environment & Development Organization. *Beijing Betrayed*. March 2005, p. 162.

2 "Children's Defense Fund Action Council Scorecard Ranks Lawmakers on How Well They Protect Children". Children's Defense Fund Press Release. 23 March 2005, www.childrensdefense.org/pressreleases/050323.aspx

3 Mishel, Lawrence; Jared, Bernstein and Sylvia Allegretto. *The State of Working America*. New York: Cornell University Press, 2005, p. 12.

4 Greenhouse, Steven. "Falling Fortunes of Wage Earners." *The New York Times*, 12 April 2005.

5 American Federation of Labor and Congress of Industrial Organizations. *State Minimum Wage Rates*. 6 June 2005.

6 US Census Bureau. *Income, Poverty, and Health Insurance Coverage in the United States: 2003*. August 2004, p. 9.

7 Institute for Women's Policy Research. *The Status of Women in the States*. 2004, p. 31.

8 Lee, Sunwha and Shaw, Lois. Institute for Women's Policy Research, *Gender and Economic Security in Retirement*, 2003. pp. 23-24.

9 *Ibid*, p. iii.

10 US Census Bureau, *op cit*, p. 34.

11 Institute for Women's Policy Research, *op cit*, p. 20.

12 *Ibid*, p. 22.

13 Women's Environment & Development Organization. *Beijing Betrayed*, March 2005, pp. 156, 161.

Wal-Mart's burden on society

Wal-Mart has been sued more often than any other private company in the US. In 1991 six women started one of the most notorious lawsuits against Wal-Mart, which grew into the largest civil rights class-action suit in history, involving more than one million women who all accuse Wal-Mart of systematic pay and promotion discrimination. Less than 15% of all store managers, at present, are female even though women make up two-thirds of the company's workforce.

As the nation's largest employer with approximately 1.3 million employees, Wal-Mart has changed the landscape of the American retailer, going to great lengths to prevent employees from unionizing, minimizing their health plans and paying wages below the poverty level. Wal-Mart requires its employees to sign forms agreeing not to unionize, in blatant violation of US labor laws.¹⁴ Compared to other retailers, Wal-Mart has a greater percentage of employees who are not covered by its health plan. Nationally, 66% of all workers receive health benefits from their employer, but fewer than 46% of Wal-Mart's employees are covered by its insurance plan.¹⁵ Wal-Mart's personnel department distributes documents explaining to employees how to apply for government food stamps and state-provided health care insurance.¹⁶ A study by the House Committee on Education and the Workforce determined that in 2004, Wal-Mart employees were eligible for USD 2.7 billion in federal assistance.¹⁷ Essentially, US taxpayers are subsidizing the company's bottom line.

Fostering insecurity

President Bush's proposed 2006 federal budget slashes USD 143 billion in discretionary spending over the next five years by eliminating 150 domestic programs. The budget also cuts USD 30 billion from several programs mandated by law - known as entitlement programs.¹⁸ These draconian cuts not only hurt schools, community development, transportation, scientific research and the environment, but also undermine long-standing social safety net programs such as food stamps, student loans and Medicaid.¹⁹

Over 45 million people do not have health insurance. The 40-year-old Medicaid program which provides medical benefits to 35 million people is targeted for USD 45 billion in cuts over the next 10 years. States are already predicting that they will be

forced to end their Medicaid programs because of a lack of funds. Almost half (45.3%) of all non-citizen immigrants are uninsured compared to the national average of 15.6%.²⁰ The Institute of Medicine estimates that the lack of health insurance coverage causes approximately 18,000 unnecessary deaths each year and costs the nation USD 65 to 130 billion in lost resources annually.²¹

These cuts to social development programs have been proposed to offset the budget deficit of more than USD 400 billion created in just four years despite a surplus of over USD 200 billion in 2000. However, even with the elimination of these programs, the deficit is expected to grow by USD 168 billion over the next five years due to an increase in military spending of almost USD 200 billion, USD 106 billion in tax cuts to the wealthy and USD 36 billion in interest expense on the debt. Over half of the tax cuts will go to households with annual incomes over USD 1 million (0.2% of households), and nearly four-fifths of the tax cuts will go to the 3.1% of households which make more than USD 200,000 per year.²² As a direct result of these and previous tax cuts, federal revenues as a share of the economy are the lowest they have been since the 1950s. If the proposed cuts are extended, they will reduce government revenues by USD 2.1 trillion by 2015.²³

Leaving children behind

Severe reductions in federal support for the poor aggravate the problems faced by the 50 states, which must deal with the hungry and homeless. Spending overruns in 2005 budgets were reported by 31 states. Regarding the 2006 proposed federal budget, the National Conference of State Legislatures identified at least USD 30 billion worth of cost shifts from the federal to state governments, including a one percent overall cut in the Department of Education budget.²⁴

President Bush's "No Child Left Behind" (NCLB) legislation requires all primary and secondary school children to meet yearly scores on national standardized tests. If the goals are not met the school suffers repercussions in the form of "restructuring," "defunding" or "corrective action." State legislatures, teachers and child advocates have appealed for adjustments to the Act. They requested that the federal Government remove the one-size-fits-all measurement method, recognize special challenges faced by children with disabilities and non-native English speakers, remove obstacles that stifle successful state innovations, and fully fund the program.²⁵ For pri-

mary schools, it is estimated that for 2006, the NCLB Act is underfunded by at least USD 12 billion, with the cumulative shortfall reaching almost USD 40 billion since the legislation passed in 2002.²⁶ Furthermore, the Bush Administration is cutting numerous out-of-school programs which affect the ability of students to learn. For example, the 2006 budget cuts funding for 25,000 children in the Head Start²⁷ program and 300,000 fewer children will receive childcare assistance by 2009.

In 2002, approximately 7% of whites aged 16 to 24 had not completed secondary school, whereas 12% of blacks and 26% of Hispanics had dropped out.²⁸ Studies have found that young adults with low educational achievement or who have not completed secondary school are more likely to live in poverty, receive government assistance and become involved in crime.

Fulfilling a dignified future

Over the past several years, the US has experienced the greatest job loss since the Great Depression (1930-1939). From January 2001 to March 2005 more than 2.7 million people lost their jobs in manufacturing and another 850,000 were put out of work in the professional services and information sectors.²⁹ Small firms have been driven out of business by transnational corporations which have greater economies of scale and the capacity to sell products below cost in strategic markets. Labor unions have lost members and their collective bargaining power as multinational corporations bid down wages by shifting jobs offshore or threatening to move to other countries. Nationwide, new jobs pay on average 21% less than the jobs lost. And in trying to compete with Wal-Mart, rival grocers are claiming they can no longer cover health care insurance.

Traditionally Americans were able to meet their basic needs with a combination of benefits provided by their employer and a salary that allowed them to purchase fundamental necessities. In situations of dire circumstance, the Government provided assistance to help one get back on their feet again. Unfortunately neither the Government nor corporations are providing the benefits, salaries or programs that many working families and women, particularly in non-white communities, need today to live on without going to bed hungry.

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14 Featherstone, Liza. "Will Labor Take the Wal-Mart Challenge?" *The Nation*. 28 June 2004.

15 Representative George Miller. "Everyday Low Wages: The Hidden Price we all Pay for Wal-Mart." 16 February 2004. www.wakeupwalmart.com/facts/high_costs.html

16 Featherstone, Liza. "Down and Out in Discount America." *The Nation*. 3 January 2005.

17 Representative George Miller, *op cit*.

18 Horney, James. "Assessing the Conference Agreement on the Budget Resolution." Center on Budget and Policy Priorities. 6 May 2005. www.cbpp.org/4-28-05bud.htm

19 State-provided medical benefits for the poorest people.

20 US Census Bureau, *op cit*, p. 17.

21 Institute of Medicine Press Release. 14 January 2004. www.iom.edu/report.asp?id=17632

22 *Ibid*.

23 Center on Budget and Policy Priorities, 9 February 2005. www.cbpp.org/2-2-05tax.htm

24 <http://nclsl.org/programs/press/2005/pr050412.htm>; 14 April 2005.

25 "State Legislators Offer Formula for Improving No Child Left Behind Act". NCLS News. 23 February 2005. <http://ncls.org/programs/press/2005/pr050223.htm>

26 CHN Human Needs Report. 25 February 2005. www.chn.org/dia/organizations/chn/humanneeds/050225a.htm

27 A program for early childhood development.

28 www.childtrendsdatatank.org/indicators/1HighSchoolDropout.cfm.

29 Women's Environment & Development Organization, *op cit*, p. 161

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The 2002 environmental sustainability index developed by Yale and Columbia Universities ranked the Philippines 117th out of 142 countries studied.¹⁷ In environmental quality (water, air, biodiversity), the Philippines ranked third to last.

Liberal policies have led to the relaxation of investment rules and non-compliance with environmental standards. The Government is in denial and insists that natural resources are under-exploited despite mounting evidence of overexploitation and abuse. It has opened the door wide to extractive industries, especially mining. Mining is seen by the Government as a solution to the country's fiscal crisis.

There is no shortage of environmental policy and legislation; however attempts to integrate sustainable development principles into the country's policies and programmes have failed to bring about a fundamental shift away from what many believe to be an unsustainable path of development.

What to do

The Government must realize that commitments are less about targets and more about honouring human rights obligations and commitments to social and environmental justice. Development policy must be reoriented from a human rights perspective.

Also, the Government must be held accountable for the disastrous outcomes of its liberalization, privatization and deregulation policies. A comprehensive public review is in order. Curbing corruption is urgent.

More and stronger popular mobilizations are necessary to get the Government to change policy and deliver on its promises. The Global Call to Action against Poverty is one such opportunity to raise the level of public awareness and mass action.

Statistics and their interpretation are a continuing concern for social watchers and activists. Disaggregating national figures by gender and location reveals the different realities of poverty and exclusion. Here, Social Watch Philippines has shown leadership and this should continue.

Social Watch Philippines must continue engaging local governments to translate social and environmental commitments into local development plans, budgets, and investment priorities. Success stories and lessons must be documented and spread around to serve as examples to be emulated. ■

¹⁷ Environmental Sustainability Index 2002.
www.ciesin.columbia.edu/indicators/esi/rank.html

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Challenges

- Inadequate agricultural policies do not address the core problems of farmers. Poor implementation of policies leads to poor production, thereby intensifying poverty.
- A strong patriarchal system is still in place, contributing to women's discrimination, subjection and subordination, and their weak position in all development sectors.
- Stakeholders have not yet addressed equity issues in relation to the MDGs. Reports so far have focused on national averages, but it would be more helpful to explore how MDG indicators differ by gender, rural/urban setting and region.
- Corruption hinders the implementation of development projects and the provision of services to the poor majority of Tanzania.
- HIV/AIDS is also a major challenge since it creates poverty and reduces the size of the workforce.

Recommendations

- The Government, civil society and development partners must join hands and develop fiscal policies which support poor farmers, who make up the majority of the population. Sufficient production will be achieved when poor farmers have access to credit, access to affordable agriculture inputs, and access to regional and global markets. This can be achieved by improving infrastructure and access to market information.
- Cultural and traditional practices which discriminate against women and subject them to exploitation and oppression must be opposed by raising awareness in society and changing its perception of women.
- Policies must be formulated to address the quality of education, low performance levels, low enrolment, and high dropout rates, which compromise girls' educational achievements.
- The relaxation of trade barriers by rich countries can significantly increase the incomes of poor Tanzanians, and the encouragement of public and private partnerships in financing social services and infrastructure could lead to better results.

Conclusions

The Government should adopt a participatory approach and formulate different poverty eradication strategies as an essential part of poverty analysis. In this way, more regionally focused poverty strategies can be adopted which reflect the realities of poor people.

The conceptualization of poverty from a gen-

der perspective is also necessary in order to understand how men and women experience poverty differently. Although many men and women are poor, when analyzing the way poverty is both shared and distributed within families, it is evident that "all suffer but some suffer more than others".

This perspective emphasizes the role that both men and women must play in analyzing and developing strategic options in the fight to eradicate poverty. When poor men and poor women are consulted, it becomes obvious that current macroeconomic policy is limited in its ability to eradicate poverty and develop alternative development approaches which take the needs of these people into account. Therefore gender must be integrated into poverty analysis in national and international poverty debates and into the appropriate economic, political and social policies, programmes and projects for poverty eradication. ■

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There are several immediate actions the Government must take to fulfill its human development commitments made 10 years ago. First and foremost, the Government must reinstate the collection of sex-disaggregated data at every level. Without a gender analysis, it is impossible to design a package of policies that meets the specific needs of the poor, provides an array of services to the general public and ensures that the private sector does its share. For example, policies addressing paid maternity leave, childcare and specific ergonomic needs cannot be created without first having the data which reflects the extent of discrimination in the workplace.

The federal Government must enforce equal opportunity laws and raise the minimum wage. Federal and state lawmakers must strengthen their commitments to affordable housing and public health insurance while minimizing the escalation of health care costs. They must also devote sufficient funds to provide childcare for low-income working mothers and guarantee every child access to a high quality education. Welfare policies need to address the reduction of poverty with fully funded welfare benefits which compensate for inflation.

Finally, corporations must pay a wage above the poverty line, provide affordable health insurance including pre-natal care, offer sufficient retirement benefits to all of their employees including mothers who work part-time, and train women to fill managerial positions. By adequately providing for their workers, corporations can enable the Government to help those really in need; then we can truly claim to be a nation of dignified and secure women, men and children. ■