Economic Policy

BACKGROUND

Although the national economy has become stronger since NASW adopted the Economic Policy statement in 1990, and revised it in 1993, the plight of the bottom 20 percent of income earners has not improved. This statement provides the background, discusses the issues, and presents a set of integrated economic policies including those pertaining to full and equitable employment and alternative work patterns. A nation’s economic policy determines the level of “acceptable” unemployment. It includes tax and spending policies that affect the level and type of governmental supports. Economic policy also determines whether jobs and wages will be solely determined by the market system or whether or how the government will intervene. All of this has direct implications for the well-being of people in this country and for the provision of health and human services. Therefore, social workers must be concerned about economic policy. Social work has historically been concerned with the poorest members of society, vulnerable groups of people, and issues of equity for all. Social justice is an integral part of the value base of social work. Thus, this combined economic policy is central to the mission of NASW and the social work profession.

A society’s economic system, institutions, and practices influence how well individuals and groups fulfill their needs and achieve optimum development. People’s health and general well-being depend on how well their intrinsic needs are fulfilled. Consistent frustration of these needs tends to cause physical, emotional, and social problems. To correct these problems at their roots, social and economic policies must be transformed from needs-inhibiting to needs-fulfilling ones.

A country’s economic system should be evaluated according to its consequences for the fulfillment of people’s intrinsic needs. Economic systems should be understood as means toward consciously chosen social and financial ends rather than as ends in themselves. Examining the actual output of given economic systems in relation to the fulfillment of human needs helps avoid the fallacy of considering economic growth as a self-evident “good,” regardless of the quality and distribution of economic products, their impact on the environment, and the conditions and quality of life of all people in a society. By these standards, the U.S. economy is in deep trouble, because the basic human needs of an ever-increasing number of people are not being met.

ISSUE STATEMENT

In light of the significant impact of the economy on social workers and their clients, NASW must give priority to the relationship between social and economic policy. Economic and employment policy, including the availability of alternative work patterns, are integrally related. A nation’s economic policy determines the acceptable unemployment, taxation, spending, deficit, and national debt levels. It determines whether the market alone will set wage levels and working conditions or whether other factors will temper market forces. In turn, availability of jobs and wage levels have determined whether poor, single mothers could find jobs (and, if so, whether they would be financially better working than receiving welfare), and how other people in discriminated-against groups, like people of color and physically challenged individuals, would fare in the job market.
The social work profession is committed to the realization of a just society with the opportunity for people to achieve full human potential, a society that provides mechanisms to narrow the gaps in resources available to people at different income levels. Such opportunity depends on the availability of meaningful work at a living wage and appropriate supports for working families. It must also include a social safety net for those who are unable to provide for themselves.

NASW has historically advocated for enlightened economic and employment policies, often in alliance with the labor movement and other organizations. Social work students are taught how economic and social structural barriers are often the reason that some members of society are unable to be financially independent. The profession has fought to protect children and other vulnerable individuals from economic insecurity and associated social and health problems which are pervasive in this society. The Maslow (1954) hierarchy of needs makes it clear that basic physiological needs of food, clothing, and shelter must be met before issues of relationship, self-esteem, or self-actualization can be addressed. Social workers experience firsthand in their work the devastating consequences of poverty, unemployment, underemployment, and increasing social and economic inequality on individuals, families, and communities. Joblessness and economic insecurity may result in emotional illness, family violence, suicide, chemical abuse, and diminished capacity for family functioning. Effective provision of traditional social work services, including individual and family therapy, group work, vocational counseling, or community organization is compromised when provided in the context of economic insecurity. It is this knowledge and experience that gives the social work profession a special responsibility to advocate for economic, employment, and social support policies that promote economic justice and the social well-being of all members of society.

**Poverty and the Economy**

Since 1981, inequality has been increasing in the United States. Compared with wealthy Americans, middle- and low-income groups are experiencing the greatest income difference ever recorded. In 1993 the bottom 20 percent had the smallest proportion of total income (4.1 percent) whereas the top 20 percent had the largest (20.3 percent). By 1995, the last year such figures were available, despite a booming economy, the figures had changed only slightly (to 4.4 percent and 20 percent, respectively). The middle 40 percent of the population also has steadily lost its share of income to the highest 20 percent (Sturiale, 1997). Although the country has supposedly enjoyed a record economic recovery during the past six years, in 1996 almost 14 percent of the population, 36 million people, lived below the official poverty level (U.S. Bureau of the Census, 1997). And until very recently this economic boom was not reflected in any increase in wages for the lower 40 percent of wage earners. These people have lost considerable purchasing power over the years that will be hard to recoup.

In the 1980s the Reagan administration embraced “supply-side” economics, deliberately increasing defense spending and the federal deficit, creating the pressures for reducing domestic expenditures. Fears of inflation kept unemployment levels high and resulted in stagflation. Although unemployment levels of up to 8 percent were justified as necessary to prevent inflation, by early 1998 the official unemployment level was below 5 percent and did not create inflation. However, this unemployment level does not mean that there is no unemployment problem in this country. The official unemployment statistics do not include discouraged workers who are no longer seeking jobs or those working less than full time or in jobs with reduced wages because they have been unable to find full-time jobs at their previous wages. It also does not speak to the increased number of people working at or below the minimum wage and at dead-end jobs.

Business policies of maximizing profits have resulted in downsizing and exporting jobs to developing countries. The globalization of the economy has enabled multinational corporations to seek lowest costs at highest profits without any responsibility for workers or communities left behind (Collins, Ginsberg, & Ginsberg, 1994). The decrease in manufactur-
ing jobs and increase in service and white-collar technology jobs, and an administration in the 1980s that was hostile to labor, has resulted in the decrease in the proportion of U.S. workers who are represented by unions. The work policies imposed by the Temporary Assistance to Needy Families (TANF) program, pushing hundreds of thousands of additional unskilled women into the workplace, could have a further depressing effect on wages for low-income earners, as well as on all workers.

The economy as it is currently structured makes it impossible to ensure economic and material sufficiency for the total population. Despite the marketplace’s proven inability to ensure economic and material sufficiency, current welfare “reform” narrowly defines reform and success as the movement of recipients from the welfare roles to the marketplace. A major expected outcome of most social programs has been to produce self-sufficiency. But examining our nation and its social, economic, and tax policies, it is clearly harder for many people to be self-sufficient.

The economic system’s inability to meet the needs of many individuals and families has created economic uncertainty and insecurity. As Harvey Brenner and other have documented (cited in Bluestone & Harrison, 1982), economic insecurity can be statistically correlated with a number of physical and mental health problems. Society has been reluctant to face these problems directly. It is easier to believe that if workers would work harder and were better prepared, if they had the entrepreneurial spirit of “rugged individualism,” capitalism would rescue us.

At-Risk Groups

The social well-being of all members of our society must be affirmed as the unaltered basis of our national social and economic policies. Poverty amid plenty has not affected the population randomly. People of color, women, children, the elderly, and people who are physically and emotionally challenged have more economic difficulties. Poverty is clearly a women’s issue as well, with over 32 percent of female-headed families living in poverty. For similar African American and Hispanic families the figures are over 45 percent and 49 percent, respectively. Women are still discriminated against in the workplace; women employed full-time earn less than 75 cents for every dollar earned by men (U.S. Department of Labor, 1994). Despite equal opportunity and affirmative action legislation (now under attack), more than 60 percent of women work in traditionally female-dominated jobs that tend to pay less than traditional male jobs (National Committee on Pay Equity, undated; U.S. Bureau of the Census, 1997).

Over 20 percent of all children live in poverty; this figure is almost 50 percent for African American children and 40 percent for Hispanic children (Sturiale, 1997). In two-parent families it is often necessary for both parents to work, often at more than one job, for the family to survive. In single-parent families (most often female headed), women often cycle between low-paying jobs and welfare, or combine the two (Spalter-Roth, Hartmann, & Andrews, 1992). Housing costs have escalated, with the poorest families paying over 60 percent of their incomes for rent, with an increase of 21 percent between 1991 and 1995 (DeParle, 1998). Finding affordable, quality health and child care is problematic.

The 1998 statistics on the median gross weekly earnings for full-time workers who are white, African American, or Hispanic show clear differences in income: white workers—$545; African American workers—$426; and Hispanic workers—$370 (U.S. Bureau of Labor Statistics, 1999). Adequate data are currently not available, and must be developed, for vulnerable populations such as Native American and Southeast Asian groups. Although family structure was the major factor in explaining poverty in the 1970s, with the increase in one-parent, female-headed families, in the 1980s and 1990s education level and increasing inequality were more important factors (Bernstein, 1998). Education and unemployment levels are clearly inversely related—the higher the education level the lower the unemployment rate and the less likely one is to be or stay on welfare (Bernstein, 1998). Despite these data, welfare currently does not generally support higher education for welfare recipients and forces recipients into low-wage, dead-end jobs.
In addition to obstacles to postsecondary education, lack of child care and transportation continue to be the major barriers to women’s economic independence. Women continue to be seen as the primary caretakers of children (and elderly parents), but economic policy does not recognize this as productive work, and new welfare policies compel mothers to leave their infants when quality care is rarely available. If affordable, quality care is not guaranteed, TANF recipients must be exempt from work requirements. Child care for TANF recipients must not replace child care available for other low-income earners.

Similar issues are of concern for other disadvantaged groups. Discrimination in the workplace is still a major problem for people of color and people who are physically challenged, as well as for women. Poor people often do not own reliable cars, and particularly in rural and suburban areas public transportation is inadequate or nonexistent. This is a significant employment barrier.

**POLICY STATEMENT**

NASW supports a national economic policy that invests in “human capital,” recognizing that a nation’s well-being derives not only from an economic balance sheet but also from the well-being of its members. Such an economic policy must include fair and equitable employment and social support policies based on need. Society must accept responsibility for the protection and care of its most vulnerable and chronically impaired members of all ages. Those unable to work should receive unstigmatized financial support at a level that enables them to live in dignity.

Because work is valued as the primary source of financial support for individuals and families, NASW supports a policy of full employment for all those able to work, with a range of alternative work patterns available. If the economy cannot provide jobs for all, the government must subsidize jobs or become the employer of last resort. Anyone who works full time should have an income that meets or exceeds the federal poverty level.

The federal minimum wage, indexed to increases in the cost of living, must ensure that individuals and families can be supported above the poverty level. In addition to ensuring living wages, national policies should ensure: fair labor practices for all workers, including children and those on workfare; equity; and enforcement of equal opportunity and affirmative action legislation. For those who are unable to work, government programs should enable them to meet their basic human needs.

Investment in education and retraining, particularly addressing the need for technological competence, should be national policy for low-income workers, displaced workers, those on TANF, and former public assistance recipients. This policy should include financial support and tuition subsidies. Higher education should be available to all who can benefit from it, without regard to ability to pay.

Any economic or employment policy must be carefully considered as to its implications for existing welfare policy or legislation such as TANF. TANF should be rescinded and replaced by an entitlement program, such as family allowance and enhanced earned income tax credit for individuals as well as families. If TANF is continued, time limits should be tied to the availability of work. If recipients have tried unsuccessfully to obtain employment, the government should provide a job or exempt them from the work requirement. The family violence option should be required of all states, and the family cap option should be abolished. If workfare is continued it should be a temporary, transitional position with full supports, providing skills training that leads to full-time employment at a living wage, and should be subject to fair labor regulations and practices.

The care of children and other dependent family members must be defined legally as socially necessary work. Individuals engaged in the care of dependent family members should be compensated for the work they are performing. For those working outside the home, quality, accessible, and affordable child care must be guaranteed.

Community redevelopment must be a major component of economic reform to provide accessible opportunities for training, investment, and employment leading to economic self-sufficiency.
National policy should support the goal of a seamless support system for intergenerational well-being, including: stable and viable economic and employment policies; care provision for dependent family members; the strengthening of communities with affordable, accessible, and quality housing; quality public education; affordable and accessible public transportation; safe work sites, neighborhoods, and homes; and access to high quality and affordable health care, including comprehensive mental health services.

NASW believes that the pursuit of profit cannot be the only motivator within the U.S. economy. To further this belief, NASW must actively work with other like-minded groups of economists and politicians, labor unions, faith-based communities, the larger services community, and allied think tanks to design, advocate, implement, and evaluate policies and programs that deal with our economy and that promote social and financial well-being of individuals and families. Full employment, alternative work patterns, and workplace democracy must be included in the economic policies for which we as social workers advocate.

Recognizing that we are all interdependent, NASW has identified the following principles and policies to provide an essential framework for understanding the relationship between the social and economic needs of our world, nation, communities, and workplaces.

**Global Issues**

- The United States must expand efforts at international economic cooperation and develop a comprehensive international industrial policy, including trade agreements that protect the environment, insure the right to organize and bargain collectively, and provide a living wage.

- To compete in the world economy, the U.S. government, in cooperation with state and local governments, must form a partnership with the private sector to ensure a well-trained labor force. A highly educated society requires a vastly improved educational and training system. Education and training must be a lifelong enterprise.

- To compete in a global economy, we must support economic policies that affirm spending on social services as an essential part of creating a strong nation. Social services spending generates significant economic productivity.

- Open and free trade with other countries must be conducted on a level playing field that does not lead to exploitation of U.S. workers or those of our trading partners.

**National Issues**

- Private profit must be reexamined as the sole criterion for motivating economic activity. The U.S. government must ensure that basic necessities are available to all people at a level that promotes human dignity, whether or not the production and distribution of those necessities are profitable.

- The equitable redistribution of available resources and wealth must be a key economic goal. Some people in the United States believe that the distribution of income and wealth is more equal than it really is, and that those with the lowest income levels are responsible for their unequal status. We must continue to educate the public about the unequal distribution of income and wealth, with particular attention to its effects on communities, women, and people of color. NASW supports efforts to help the public understand that it is in everyone's interest to reduce the inequalities, because there are few, if any, examples of democratic societies that have survived in the face of extreme disparities in income and wealth (Thurow, 1985).

- As much as possible, social and economic choices can and must be made to avoid recession and inflation and to mitigate their impact.

- Federal minimum-wage legislation should ensure that the minimum wage enables families to live above the poverty line. The minimum wage must be indexed to increases in the cost of living.

- For-profit and nonprofit organizations should ensure that their workers receive a living wage.

- States should be encouraged to develop earned income tax credits for workers. For
families this should be indexed to the number of dependent members.

- The formula for calculating the unemployment rate must be revised to provide an accurate picture of the number of people who have lost their jobs, who are seeking employment for the first time, or who have given up on finding a job. In addition, those who are temporarily or partially employed should be represented in this figure. The importance of work cannot be overlooked as a means of providing financial support to individuals and families as well as meeting other needs. Especially during times of depressed economies, people need alternatives when being laid off, displaced, or otherwise detached from the workplace. In addition, people who lack the resources to work or to provide for themselves should be able to count on a guaranteed income, including long-term support if needed, that provides for their basic needs and some form of medical coverage. Implementing programs that remove the stigma of welfare restores dignity to many people who, through no fault of their own, find themselves depending on the government for support.

- The United States must institute a more comprehensive, progressive, fair, and equitable tax system that reflects a combination of personal income and loophole-free corporate and inheritance taxes as well as user taxes and fees. Comprehensive tax reform is needed to ensure adequate financing that does not require the government to borrow to pay for the policies previously listed. Tax reform should establish a tax-exempt basic income corresponding to the actual cost of living; income beyond this level, regardless of its source, would be subject to progressive taxation.

- Opportunities for higher education should be available to all regardless of income.

- Special initiatives must be undertaken to ensure full economic participation for traditionally disadvantaged groups, especially targets of racism, sexism, homophobia, ageism, and classism and those who are discriminated against because they are emotionally or physically challenged.

- Federally legislated guarantees of employment are needed that are suited to individual capacities and compensated at wage levels that provide a decent standard of living. Full employment can be achieved by adjusting the legal length of the workday or workweek to the number of positions in the economy or to the number of individuals who require work. Another approach includes publicly sponsored projects designed to meet community and human needs often overlooked by private enterprise, for example, housing, highways and bridges, hospitals, schools, and parks.

- Work patterns in this society should be more responsive to the needs of individuals, families, and physically challenged individuals. NASW supports the expansion of opportunities for part-time and flex-time jobs in the public and private sectors. Such jobs should have benefits and protections that are prorated to those of full-time jobs. Social services agencies, in particular, should make more extensive use of alternative work patterns that are consistent with the needs of clients and of the organization.

- There must be support for initiatives that guarantee retraining and job-placement assistance to workers when economic forces, automation, downsizing, and so forth, displace them from their jobs and livelihoods.

- A national, federally financed, comprehensive system of preventive, rehabilitative, and curative health care must be adopted as a component to ensure a strong economy.

- Federally financed construction and maintenance of housing stock, infrastructure, and public transportation within and between cities and towns are required as a component to ensure a strong economy.

- Unique forms of state-sponsored public–private cooperation that exist in various sectors of the economy must be adapted for areas such as the public financing of low- and moderate-priced housing and environmental protection and restoration efforts.

- There must be a rebuilding of the economic and employment infrastructure of regions and communities through local planning in order to support the generation of jobs.
A thoroughly designed government and private-sector strategy is needed to foster research, promote the greater availability of capital, and coordinate the movement of resources to areas of the economy that are in the greatest need. Workplace issues such as redesigning production processes to humanize and improve the quality of work for all workers should also be researched.

Community Issues

- Community redevelopment must be a major component of economic reform to provide opportunities for employment, training, and investment. Community residents must be involved in planning and implementing community revitalization efforts.
- Workers and communities must be protected from the impact of corporate downsizing, plant closures, outsourcing, conversion of full-time employees to part-time status, and excessive use of overtime through tougher legislation. These measures must be carefully regulated and accompanied by early and adequate notice. Compensation and benefits for displaced workers should be in proportion to the monetary advantage of the closures or downsizing.

Workplace Issues

- The wage gaps among workers, managers, and owners must be reduced. One effective way to ensure regular and adequate salary increases for workers would be to make managers’ wages proportional to workers’ wages.
- Workplace safety standards, including guidelines regarding violence in the workplace, should be developed and implemented.
- Federal and state laws must ensure equity. Wage discrimination must be illegal, and work of comparable value must be equitably remunerated.
- In addition to adequate wages, workers should be able to rely on their employers to provide comprehensive and family friendly benefits to cover job loss, child care, and parental leave. Employers also should provide training and retraining and programs to combat discrimination and promote affirmative action for all targets of oppression.
- The care of children and elderly people or of disabled relatives in the home must be redefined legally as socially necessary work. In addition, the federal government should sponsor a system of high-quality public child care.
- Workers should have a voice in decision making affecting their working conditions and assignments.

Implicit in this economic policy agenda is an unequivocal rejection of the notion that the people of the United States cannot afford economic reform. Contrary to common assumptions, these ideas are economically possible, albeit sometimes politically unpopular. Ultimately the economic reform delineated in this policy statement will have a positive impact on the economy as it involves the full use and development of available productive and creative human resources and capacities, while enriching the quality of life of people in this country. Implementing the proposed policies would make possible further stages of social and economic development that were unrealized during the 1980s and 1990s. Full employment and elimination of poverty would reduce the dynamics of individual and intergroup competition and would thus reduce economic sources of discrimination by race, gender, age, and other factors.

REFERENCES


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Policy statement approved by the NASW Delegate Assembly, August 1999. This policy statement supersedes the policy statement on Economic Policy approved by the Assembly in 1993 and the policy statement approved by the Assembly in 1990. For further information, contact the National Association of Social Workers, 750 First Street, NE, Suite 700, Washington, DC 20002-4241. Telephone: 202-408-8600; e-mail: press@naswdc.org