

## Race, Poverty and the Breaking of the Social Contract

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Close to 33 million Americans live in poverty (U.S. Census Bureau, 2002). As the ranks of the poor increased by an additional 1.3 million people last year the nation's poverty rate rose to nearly 12 percent of the total population (U.S. Census Bureau, 2002). Children represent the largest population group living in poverty—nearly 12 million children were living below the poverty line in 2002 (U.S. Census Bureau, 2002). Furthermore, research indicates that more families are in need and experiencing hardships—nearly 37 million Americans go without basic necessities such as food, shelter, and medical care (Boushey, 2002).

The burdens of poverty are borne unequally by the nation's minorities. Black and Hispanic poverty rates (22.7 and 21.4 percent, respectively) are nearly triple the poverty rates of Whites (7.8 percent; U.S. Census Bureau, 2002). Among Black and Hispanic families headed by women, poverty rates exceeded 35 percent (U.S. Census Bureau, 2002). In addition, disparities between Whites and minorities in income, health, wealth, education, and employment persist (Staveteig and Alyssa Wigton, 2000; Wilson, 1996; U.S. Census Bureau, 2002). For example, White median household income (\$46,305) is substantially higher than both Black (\$29,470) and Hispanic income (\$33,565; U.S. Census Bureau, 2002). In short, racial inequality in modern-day America remains very much a part of the social fabric.

Yet at a time when poverty is increasing, America's commitment to its social contract appears to have been discarded. Many of the programs and policies directed towards the poor have been derailed or shrunk by budget cuts as the social contract which has informed this nation's antipoverty policies is being shredded in the spirit of political expediency. The plight of former welfare families—often some of the poorest members of our society—provides a cogent example of the breach of the social contract. Based on the assumption that a job could lift a family out of poverty, the 1996 welfare reform repealed the nation's oldest safety net for poor and working families. However many former welfare recipients now working disproportionately work in low-wage industries



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and occupations (Urban Institute, 2002). These hard-working former welfare mothers held up their end of the bargain and are now off welfare and working, yet they are still unable to earn incomes that will lift their families out of poverty.

What's happening to many hardworking families in our society runs counter to the fundamental values upon which this country was founded—the implicit American social contract based on the basic belief that if one works they will be able to provide an adequate standard of living and if they can not that the community will intervene. The fact is that while many Americans work hard and play by the rules they are still losing the game. In sum, we are now a society composed of a minority who are profiting from changes in the economy and a majority who are working harder than ever before and getting nowhere.

Policy Recommendations

In order to tackle the widening divisions in our society we need to restore our commitment to the social contract by focusing on eliminating poverty and racial inequality. This points to approaches aimed at promoting economic justice such as:

**Instituting fair wages.** Government has a responsibility to provide for a decent standard of living for all citizens. That obligation can be met, in part, by ensuring that work is rewarded by fair wages. Millions of Americans work full-time yet they are unable to make ends meet because their wages are too low. Blacks and Hispanics are overrepresented among low-wage workers. Creating fair wage policies will narrow the income gap that disadvantages

minorities in our society.

**Making welfare reform a tool for poverty reduction.**

Welfare reform should lift people out of poverty. An initial step in this direction would be to increase access to higher education for welfare recipients so that poor women who want to further their schooling while receiving public assistance can bring themselves out of poverty. African-Americans and Hispanics are disproportionately represented on the welfare rolls. Improving access to higher education will address racial inequality in education.

Resources for Further Information

Boushey, H. 2002. *The needs of the working poor: Helping working families make ends meet.* Testimony before the U.S. Senate Committee on Health, Education, Labor and Pensions, 2002.

Hartman, C. 2001. Ed. *Challenges to equality: poverty and race in America.* Armonk, N.Y.: M.E. Sharpe.

Staveteig, S. and Wigton, A. 2000. *Racial and ethnic disparities. Key findings from the National Survey of America's Families.* Washington, DC: Urban Institute.

U.S. Census Bureau. 2002. *Poverty rate rises, household income declines, Census Bureau reports.* September 2002.

Urban Institute. 2002. *Welfare leavers are concentrated in service and clerical jobs.* Fast facts on welfare policy. Washington, DC: Urban Institute.

Wilson, W. J. 1996. *When work disappears.* New York, N.Y.: Vintage Books.

