Poverty in America: The Economic Impact and Why We should Fight It

Antoine Q, Hollis-Smith

Bryant & Stratton College

ENG 302: Advanced Research, Writing, and Presenting

Instructor: Mr. Jason Norman

4/13/20

Abstract

 Poverty in America remains one of the central challenges not just morally but also economically. Poverty is defined as the inability to achieve a minimum level of well-being, is one of the most basic economic and societal problem facing our nation today. Poverty is more frequently seen in groups at a disadvantage, children and minorities are especially vulnerable and at a higher risk of poverty. The effects on youth, crime and the economy have caused debate that has affects all levels of society. Poverty means not only not having access to food, clothing, water and adequate healthcare.

Poverty is much more commonplace among disadvantaged groups such as minorities, women, veterans, the disabled, elderly and children in the U.S. No country has beaten it, achieving success in ending destitution and making all its citizens happy, and content with their standard of living. Despite poverty being an intensely controversial issue, with tons of peculiarities and diverse levels of intricacies. Here in the U.S. there is no consensus on all the issues that poverty causes nor is there a simple one size fits all solution. One thing is for certain: poverty is not only unjust, it is also has a substantial impact on the economy and steps should be taken to alleviate it, given that even with the strength of American Democracy, and resource availability, entire segments of our society are ailing without access to fundamental goods such as food, water, shelter, clothing and adequate healthcare.

 Despite stock market highs and low unemployment, poverty in the U.S. is unescapable. The number of people earning less than $25,750 for a family of four is rising in both Republican and Democratic districts, and across racial and geographic lines. According to a study of Census Bureau data, poverty increased in 30 percent of all U.S. counties between 2016 and 2018 (US Census Bureau, "Income and Poverty in the United States: 2018", 2019).

Solving poverty could potentially bridge the racial, geographic, and political barriers that are eat away at any appearance of cohesion the country may have. Poor people from diverse backgrounds share in a common suffering that we all should be uniting to ease. While the U.S. is one of the most advanced countries in the world, this does not exempt the nation from struggling with poverty. Issues like food insecurity and homelessness continue to saturate communities in America. Forty million people in the U.S. are living in poverty (Fessler, "U.S. Census Bureau Reports Poverty Rate Down, But Millions Still Poor", 2019).

Poverty affects women and people of color disproportionately in the U.S. African Americans have the highest poverty rates of any racial group, at 27.4 percent. Around 45.8 percent of African American children under the age of 6 are living in poverty, compared to 14.5 percent of Caucasian children of the same age (Project, "10 Facts about Poverty in the United States", 2019). Research shows that poverty can negatively affect economic growth by affecting the accumulation of human capital and rates of crime and social unrest. Simply stated the poorer you are the more likely you are to commit crime and to have poor health later in life. Reduced productive activity generates a direct loss of goods and services to the U.S. economy. 2018 (US Census Bureau, "Income and Poverty in the United States: 2018", 2019)

 The U.S. has one of the largest wealth inequality gaps in the world. The wealthiest 1 percent of households in America own more than 40 percent of the nation’s wealth. In recent decades this gap has gotten even wider. This vast inequality is bad for the American economy and even more detrimental to poor households with no upward mobility. What’s more, any crime engaged in imposes large monetary and other personal costs to victims, as well as the costs to taxpaying Americans to operate our huge criminal justice system. Poor health generates illness and early mortality which not only require large healthcare expenditures, but also incumber productivity and in due course reduce quality and quantity of life. The high cost of poverty to the U.S. suggests that investing significant resources in poverty reduction might be more cost-effective over time than previously thought (Perry, "Addressing poverty can heal an increasingly divided country", 2020).

The U.S. spends only 16.2 percent of its GDP on social programs, compared to 21.3 percent that similarly developed countries do. Social programs like veteran’s benefits and unemployment compensation can make a vast change in a country’s rates of poverty. An amplified amount of spending on these programs has the potential to meaningfully decrease the number of people in the U.S. living in poverty. The U.S. is 36th out of 175 developed countries in rates of childhood poverty. The U.S. has particularly high rates of teen pregnancy and child mortality in comparison to other developed countries (Deparle, "A Gloomy Prediction on How Much Poverty Could Rise", 2020).

 The number of homeless Americans is growing. Rates of homelessness jumped by nine percent in 2017. The U.S. fiscal plan for 2019 had $8.8 billion of proposed budget cuts for the Department of Housing and Development, so the issue does not seem to be bettering in the upcoming years. Low-wage jobs maintain high poverty levels in the U.S. According to a recent census, one-third of Americans, or 104 million people, have yearly salaries twice below the poverty line. Higher wages and better jobs would allow the impoverished to rise into more sustainable and profitable positions. (US Census Bureau, "Income and Poverty in the United States: 2018", 2019)

 Low-income Americans of all races, geographies, share an economic destiny and should share an economic agenda. An agenda focused on poverty betterment would start with workforce development initiatives that invest in people living in impoverished counties and cities. We must introduce impoverished people to and allow them greater access to education so they can see themselves as a participant in the workforce but also to a greater sense of what the American dream and what being American is. (Deparle, "A Gloomy Prediction on How Much Poverty Could Rise", 2020).

This kind of cultural shift requires an unprecedented investment in people. To improve poverty rates, we need massive federal investments in training. But it doesn’t stop there. We need to give entrepreneurs in impoverished areas who have historically been denied capital better access to funds.

Investments in community colleges can help them develop initiatives focused on training residents for jobs of the future as well as programs that help students deal with the stresses of poverty. With flat incomes and inequality stuck at factually high levels, one might assume that continuing economic insecurity and an out of control economy are the new normal and that there is nothing that can be done to fix it. But there is nothing normal or inevitable about high poverty levels and stagnant incomes. They are the direct result of policy choices that put wealth and income into the hands of a few at the expense of once vibrant and strong but disappearing middle class. When the government invests in jobs and policies to increase workers’ wages and families’ economic security, children and families see improved outcomes in both the short and long term (Fessler, "U.S. Census Bureau Reports Poverty Rate Down, But Millions Still Poor", 2019).

Given our current national and global situation in dealing with the novel Coronavirus we see how these disparities are even more so of a strain. The pandemic crippling the American economy foreshadows a sharp increase in poverty, to a level that could exceed that of the Great Recession. The coming onslaught of hardship is likely to widen racial disparities, with poverty projected to be double among African Americans as among whites. Poverty is also likely to rise disproportionately among children. Again, children raised in poverty on average have worse adult health, lower earnings and higher incarceration rates. (Project, "10 Facts about Poverty in the United States", 2019).

If quarterly unemployment hits 30 percent that level of poverty would exceed the peak of the Great Recession and add nearly 10 million people to the ranks of the poor. The pandemic threatens a sharp reversal of fortune for the neediest Americans, who had benefited from the recent years of strong economic growth. Poverty among children, African Americans and Latinos had fallen to record lows. Even middle-class Americans, once snugly secure, have become increasingly anxious in recent decades about their own fragile finances and their children’s prospects (Deparle, "A Gloomy Prediction on How Much Poverty Could Rise", 2020).

Since the Great recession’s end, the economy has pumped out enormous wealth. Workers, though, have gotten a smaller slice of those rewards. Companies concentrated on short-term gains and stockholder returns while worker’s purchasing power was eroding. In less than two decades, the share of income paid out in earnings and benefits in the private sector shrank by 5.4 percentage, reducing compensation on average by $3,000 a year. The result is that a job once the backer of income security no longer reliably plays that role. Social service network that are run through individual states are now struggling to handle the millions of unemployment claims that have emptied in as well as a flood of new applicants trying to gain access to existing programs (US Census Bureau, "Income and Poverty in the United States: 2018", 2019).

 The economic impact of the coronavirus the largest burdens will fall on people who are already the most vulnerable people in low-paying, insecure jobs. While there are many uncertainties that we all face even without the Coronavirus as a factor we as a nation need to implement steps to help combat poverty to not only fix an “unjust” circumstance but also to alleviate the economic burden and strain that it cause our economy. There are numerous ways to tackle this seemingly unsurmountable odds. The United States the only developed country in the world without paid family and medical leave and paid sick days, making it very difficult for millions of American families to balance work and family without having to sacrifice needed income. We should implement paying employees sick days and FMLA. Implementing schedules that work by giving two working weeks advance notice of worker schedules, which would allow employees to request needed schedule changes. Workers show up and work as scheduled, reducing loss of revenue and employee turnover. Charities play a critical role in American society, helping answer needs unmet by public assistance programs. The government spent $2.7 trillion on public assistance programs in its fiscal 2016. Charitable donations totaled $410 billion in 2017 (US Census Bureau, "Income and Poverty in the United States: 2018", 2019).

 Poverty remains a serious problem in the United States despite nine years of economic recovery. For most Americans, wages are their sole source of income, and employment is one of the surest ways to escape poverty. Finding work is not always a issue of choice, however. The likelihood of obtaining gainful employment relies heavily on local financial factors. lower-wage people frequently get raises and more hours of work as the U.S. labor market has tightened. However higher minimum wage minimum at state and federal levels are needed to match the increase of inflation on the cost of living. Access to higher education is also necessary. The more advanced one’s education, the greater the likelihood of achieving a more secure economic future (Project, "10 Facts about Poverty in the United States", 2019).

References

Deparle, J. (2020, April 16). A Gloomy Prediction on How Much Poverty Could Rise. Retrieved from https://www.nytimes.com/2020/04/16/upshot/coronavirus-prediction-rise-poverty.html

Fessler, P. (2019, September 10). U.S. Census Bureau Reports Poverty Rate Down, But Millions Still Poor. Retrieved from http://www.npr.org/2019/09/10/759512938

Perry, A. M. (2020, January 21). Addressing poverty can heal an increasingly divided country. Retrieved from http://www.brookings.edu/blog/the-avenue/2019/12/23/poverty

Project, B. (2019, October 28). 10 Facts about Poverty in the United States. Retrieved from https://borgenproject.org/10-facts-about-poverty-in-the-united-states/

US Census Bureau. (2019, September 17). Income and Poverty in the United States: 2018. Retrieved from https://www.census.gov/library/publications/2019/demo/p60-266.html