

SOCIAL *IN*CLUSION

FOR THE
UNITED STATES

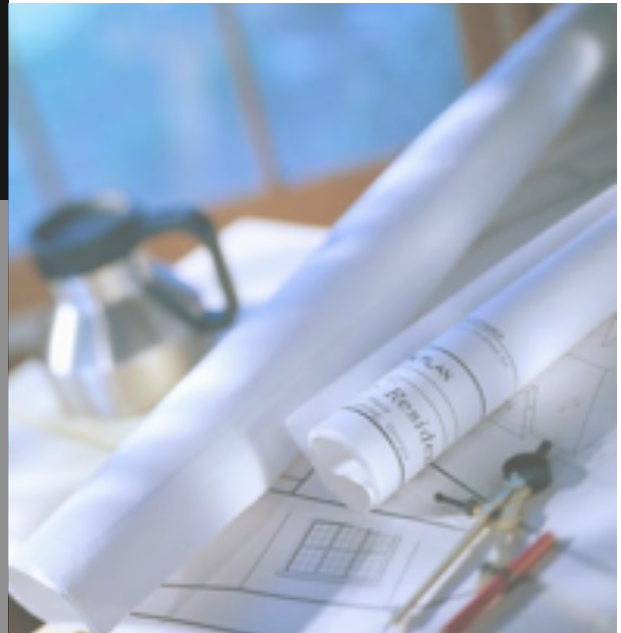
This working paper makes the case for a new, overarching framework—social inclusion—to advance and integrate social policy. It critiques the current poverty framework and the official U.S. poverty measure, and explains why the concept of social inclusion is a better alternative. The paper discusses how the concept of social inclusion is used in the United Kingdom and how it might be adapted for use in the United States.

Heather Boushey, Center for
Economic Policy and Research

Shawn Fremstad, Inclusion

Rachel Gragg, Inclusion

Margy Waller, Inclusion



www.inclusionist.org



www.cepr.net

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Heather Boushey is a co-author of *The State of Working America 2002-3* and *Hardships in America: The Real Story of Working Families*. She studies current trends in the U.S. labor market and how social policies help or harm workers and their families. She is a research affiliate with the National Poverty Center at the Gerald R. Ford School of Public Policy and on the editorial review board of *WorkingUSA* and the *Journal of Poverty* and on the Voice professional women advisory committee. She received her B.A. from Hampshire College and her Ph.D. in economics from the New School for Social Research.



Shawn Fremstad is a co-founder of Inclusion and interim director of CEPR's Bridging the Gaps project. He worked for many years at the Center on Budget and Policy Priorities in Washington, DC, and before that, as an attorney and policy specialist for legal aid programs in Minnesota. Shawn is a graduate of the University of Minnesota Law School and has studied art and design at the Maryland Institute College of Art and the Corcoran College of Art + Design.



Rachel Gragg is a co-founder of Inclusion and the Director of Federal Policy for The Workforce Alliance, a Washington, DC-based national coalition of community-based organizations, community colleges, unions, business leaders, and local officials advocating for public policies that invest in the skills of America's workers. Rachel has been a Senior Policy Analyst at the Center for Community Change in Washington, DC, and also worked as a senior policy advisor to former U.S. Senator Paul D. Wellstone (D-MN), where her portfolio included a number of issues affecting low-income workers and their families. Rachel was the 1999 American Sociological Association (ASA) Congressional Fellow. She received her PhD in Sociology from the University of Washington.



Margy Waller is a co-founder of Inclusion and Director of The Mobility Agenda. Previously she was Visiting Fellow at the Brookings Institution, with a joint appointment in the Economic Studies and Metropolitan Policy programs. Prior to Brookings, she was Senior Advisor on domestic policy in the Clinton-Gore White House. Before joining the Administration, Margy was Senior Fellow for Social Policy and Director of the Working Families Project at the Progressive Policy Institute. She also served as Director of Public Policy at United Way of America, and Director of Policy Development at Public/Private Ventures in Philadelphia, and a congressional fellow in the office of U.S. Representative Eric Fingerhut (D-OH). She received her BS in communication studies at Northwestern University and a law degree from The Ohio State University.

The first publication of this paper identified Natalie Branosky at the Centre for Economic & Social Inclusion (Inclusion UK) in London as an author. In this second printing, we note that she provided significant input in the report.

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Social inclusion is based on the belief that we all fare better when no one is left to fall too far behind and the economy works for everyone. Social inclusion simultaneously incorporates multiple dimensions of well-being. It is achieved when all have the opportunity and resources necessary to participate fully in economic, social, and cultural activities which are considered the societal norm.

Introduction

Poverty divides us. Social inclusion can unite us. Whenever too many fall too far behind the rest, our whole society is diminished. Inclusion demands goals and policies that avoid separating us. Inclusion calls on us to strive for a nation in which everyone lives with purpose, dignity, and satisfaction. Inclusion describes what Robert Kennedy called our desired “bond of common fate.”

Indicators based on social inclusion would assess the extent to which low-paid workers fall behind the rest of the workforce, not only in terms of wages and income, but in a variety of dimensions, including health, education, housing, skills, advancement, and opportunity.

Unlike poverty, social inclusion is something positive to support, not something negative to oppose. Social inclusion has considerable potential to improve our understanding of social issues and policies. A serious effort should be made to introduce the concept in the United States.

Poverty Reduction as a National Goal: The Measurement Problem

Taking note of recent efforts in the United Kingdom and other countries to meet poverty-reduction goals, some advocates and policy makers in the United States have proposed adopting a goal to reduce poverty as it is understood and measured in the United States. In our view, adopting such a goal would not be part of an effective strategy to improve living standards in the United States. The United Kingdom has a broadly accepted definition of poverty that is tiered and multidimensional—the measure is not limited to income inadequacy—and a vision for what it means to end poverty in this broader sense. We have neither in the United States.

UK Prime Minister Tony Blair described the challenge in 1999:

For years, many in our country have been forgotten by government. They have been left out of growing prosperity, told they were not needed, ignored by the government except for the purpose of blaming them. That must change—there will be no forgotten people in the country we want to build.

In his speech, the Prime Minister spelled out a vision of social inclusion that promoted advancement in the labour market, improved education outcomes, reduced health inequalities, higher quality housing, safer neighbourhoods, and importantly, the reduction of income inequality.

Consequently, the poverty indicators adopted in the United Kingdom measure both income and *social inclusion*. Political leaders there knew where they wanted to end up and designed a set of measures to match. When deciding how to address and measure income poverty, they chose a relative or inequality-based measure. Under the U.K. measure a family is poor if their income is below 60 percent of median income, after housing costs are subtracted. This measure recognizes the importance of income inequality as a cause and consequence of social exclusion.

But the United Kingdom also recognizes that poverty involves more than income. In a recent report on measuring poverty, Jonathan Athow, Head of the Work Incentive and Poverty Analysis Team in the U.K. Treasury Department, explained that poverty also encompasses “neighborhood environments, lack of opportunities to gather knowledge and skills, housing quality, access to mainstream financial services, and inequalities in health.”

By contrast, the United States does not have a useful poverty measure, instead using a flawed one-dimensional measure of income deprivation, not a measure of inclusion or economic mobility. The official U.S. poverty guidelines are based on life as it was in the 1950s, when housing costs represented a smaller part of household budgets than today, one worker could support most families, and child care costs weren’t much of a factor.

This is not our current economic reality. Forty-four million jobs in the United States—one in three—pay less than \$11.11 an hour. Most of these jobs do not provide the employment benefits other workers take for granted: health insurance, paid time off, and retirement plans. Middle-class families have a hard time affording health care, child care, and other necessities. We could end “official poverty” in the United States, nudging families slightly above the \$20,000 a year or so they need to earn to not be considered officially poor. But if we fail to build an economy that works for all, providing upward mobility, a decent standard of living, and economic security, we will merely consign millions to a lifetime of exclusion without opportunity.

In a recent survey by the Pew Research Center, seven out of 10 Americans agreed with the statement “the poor have become too dependent on government assistance programs.”

Poverty Reduction as a Framework: The Public-Understanding Problem

The problem with a national initiative to end poverty runs much deeper than measurement issues. If we define our goal in terms of reducing *poverty* the policies and outcomes we want will not follow, even if we get the measurements right. As long as the problem is defined as *poverty*, the public and political will cannot be developed to support comprehensive initiatives that address it, *regardless of how it is defined*.

Public understanding of poverty is based in large part on the fact that the United States already declared a “War on Poverty,” and the widely held belief that, as President Reagan said, “poverty won.” Most people with inadequate incomes work, but as long as we refer to them as *poor*, too many people will see low-wage workers as *them*, and as different from *us*. Overwhelmingly, Americans believe people are poor due to individual shortcomings—bad decisions, character flaws, or moral weakness. These beliefs are reflected in a Pew Research Center poll conducted earlier this year in which seven out of 10 Americans agreed with the statement “the poor have become too dependent on government assistance programs.”

Additional research—including a series of important reports from the *Economy That Works For All* project—demonstrate that attitudes about poverty would undermine any effort to build public will for policy solutions that actually address it. While many people believe we should eradicate hardship, we don’t have a common understanding of its causes and this disagreement is a barrier to effective political action when we talk about solutions.

A New and Better Approach: Social Inclusion

Instead of designing initiatives and establishing national goals based on what we *oppose*, we should decide what we *want*. We want initiatives and a national goal that support policies that cut across issue silos and lead to results—simultaneously and comprehensively—like greater income equality, better jobs, improved skills, health care for all, and better quality housing. Social inclusion is a multifaceted approach that enables us to do this.

Ending poverty wouldn't even begin to address the reality of our current economy and labor market. Establishing such a goal would lead to interminable debates over the causes of poverty. Moreover, the goal is ill-designed to improve economic mobility and social inclusion. Any effort to meet this flawed target would take energy and resources for years to come, would likely be deemed a failure, and set us back still further as a result.

We should instead establish a national goal that acknowledges our history, the limitations of our current poverty measure, and the holes in our social infrastructure that make low-wage jobs problematic for reasons that go beyond wage levels. Social inclusion is such a goal.

Our nation cannot afford to leave so many behind. A social-inclusion goal allows us to address hardship faced by the poorest among us by focusing on a multitude of barriers to opportunity, including the erosion of middle-class jobs.

Social Inclusion, the Economy, and Work-Life Balance

A social-inclusion goal addresses multiple concerns. It addresses whether everyone can meet basic needs, as well as rising wage and income inequality, the erosion of middle-class jobs, and pressures that many families face in balancing work and other pursuits. While the richest families in the United States have seen their incomes continue to rise since the last half of the 1970s, moderate- and low-income families have only been able to hold their ground by working more. As families put in more hours at work, they have less time for friends, family, volunteering, leisure, recreation—relationships and activities that make one feel included in social life.

Changes wrought by globalization, declining unionization, technological change, and a policy environment hostile to establishing and enforcing labor standards have made it harder for working families to fully participate in social life. Social inclusion allows us to focus on research and policy solutions that recognize simply getting a job may not be enough to ensure that families escape hardships and can fully participate in the social and economic life of their communities.

These concepts are at the core of social inclusion. In contrast, focusing on poverty implies that meeting a very basic income standard is sufficient to ensure economic security and well-being. Social inclusion allows us to see low-wage work for what it is: work without adequate standards, such as a sufficient minimum wage, benefits like health insurance or retirement, job security and paid time off, or

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Social Inclusion in the United Kingdom and Other Countries

In the United Kingdom, the rest of Europe, and many other well-off nations, social inclusion is an overarching framework for addressing a myriad of social policy issues, including income inequality, skill levels, education, health inequalities, housing affordability, and work-life balance. Social inclusion is now part of the framework laws of the European Union and several nations. The precise boundaries of the concept are far from determinate, and countries have different definitions, but at its core, social inclusion involves including everyone in social institutions and relations in ways that matter for well-being.

As an example, the United Kingdom's National Action Plan on Social Inclusion states: "Poverty and social exclusion are complex and multidimensional problems. While household income clearly has an important impact on well-being, there are many other factors that help or hinder efforts to transform the lives of those suffering from poverty. Housing, health, education, and employment status may all have a role to play. And people are influenced by what sort of neighbourhood they live in, and whether they feel safe from crime or anti-social behaviour."

enforcement of labor laws. When some jobs lag so far behind the rest, it is impossible for all workers to feel or be included in everyday social activities and responsibilities.

Adopting a goal of social inclusion would focus more attention on—and provide new language to describe—the relationship between work and community life in the United States. Viewed from a social-inclusion perspective, "living wages" might be seen as important not only because they help individual families make ends meet, but also for the broader positive effects they have on the building of social capital.

Social Inclusion is Consistent with Deeply Held Values

The concept of social inclusion goes well beyond our limited poverty definition in its ability to communicate a full range of means for social policy to boost income and build human capital. Social-inclusion approaches provide an inequality-based understanding of income and well-being, and build understanding of social issues by naming a phenomenon that isn't adequately identified in the United States by existing terms.

We must face the fact that some of the key concepts in our current social-policy vocabulary, including poverty and discrimination, don't have the same resonance as in earlier eras. Social inclusion is a new and evocative term that could build understanding among and open the ears of those who have grown weary of problems defined using older terms like poverty.

From a values perspective, a poverty framework is counterproductive because Americans tend to attribute poverty to individual characteristics—such as lack of a work ethic. The concept of social inclusion has the advantage of situating individuals in a social and relational context. Moreover, the experience of exclusion of some sort, unlike the experience of poverty or discrimination, is nearly universal.

A focus on poverty has the effect of setting the bar for future social policy too low. If the problem is defined as poverty or meeting basic needs then the question becomes "how minimal the minimum should be." Social inclusion is a broader concept than absolute differences in income—as poverty is

officially defined in the United States—or other forms of material hardship. Social inclusion is a bigger-picture, more encompassing end goal in other nations, and boosting incomes and reducing income inequality is considered only one of multiple means to accomplish that end.

A new framework based on the idea of social inclusion would better support efforts to improve living standards and increase equality in the United States.

A Social-Inclusion Goal Supports Effective Policy Solutions and an Economy that Works for All

Rather than simply copying the practice of other nations to reduce poverty, it is critical for the United States to adopt a goal with more resonance in our social and political culture. Given what we know about public understanding of poverty and lack of confidence that government has a role to play in addressing the problem, we cannot use the language of poverty to build public will for policy solutions.

It is most likely impossible to completely eradicate poverty. Importantly, we don't have to "eliminate" inclusion, but can seek to increase it. Rather than establishing an impossible goal or equivocate by setting a low bar—halving poverty for example—we can seek to increase inclusion and create a tiered, multifaceted measure to assess our progress.

Establishing a poverty-reduction target and not meeting it would lead to more blaming of individuals—poor workers would be blamed for being irresponsible and government officials would be blamed for being ineffective. We should establish a lofty, but realistic goal to increase social inclusion. Increasing inclusion is hard to oppose, while eliminating poverty will seem like the height of folly to many in the United States, nothing more than revisiting an already failed strategy.

The experience in the United Kingdom shows us that public understanding of and a political commitment to social inclusion can yield important policy changes across a variety of issue areas. These policies include a \$10-per-hour minimum wage, substantial tax credits for low-income individuals, and the right for employees to request flexible work schedules. These measures have been viewed by the government as investments in individuals and economic growth. Furthermore, the social-inclusion approach has provided a framework to coordinate initiatives across government agencies, reducing tendencies toward programmatic silos. Together these policy changes resulted in income gains that moved lower-income individuals closer to the middle.

In the United States, a social-inclusion goal provides more room than a poverty-reduction goal for consideration of comprehensive policies, including universal health care, paid leave, democratic workplaces, and portable retirement accounts, that result in an economy that works for all.

If policy, research, and funding communities support a social inclusion approach, we can expect policy makers, political candidates, and the media to follow. For example, candidates could adopt proposals such as a National Commission on Social Inclusion, a national social-inclusion goal implemented across multiple programs and agencies, and state and local offices for social inclusion.

Conclusion

As long as we continue to define the problem we seek to solve as *poverty*, the political will and public support to address it will not exist. A new approach based on the idea of social inclusion has the potential breathe new life into our shared efforts and make it possible for us to accomplish our common goals.

Further Reading

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