



Chapter 1

LIVELIHOODS

Fair Opportunities to Earn a Living

**LIVELIHOODS AROUND THE WORLD**

“A sustainable world can only be achieved with the full engagement of young people. They must feel integrated and believe that a more peaceful and prosperous world is possible.” – José Graziano da Silva, director general of the United Nations Food and Agriculture Organization, 2017¹

Engaging young people and giving them reason to believe that a more prosperous world is possible depends on them earning a living. Making a decent income is key to ending hunger and poverty and promoting dignity.

In developing countries, hunger and extreme poverty are generally concentrated in rural areas, and most rural areas are home to large numbers of adolescents and young adults who need jobs. Lack of livelihoods often leads to migration to urban areas or across borders.

Not only is increasing agricultural productivity central to producing more food and more nutritious food, but it has also proven to be the fastest way of reducing poverty and increasing economic growth, setting in motion more opportunities for workers in other sectors.

**A Closer Look: Tapping into Potential**

The world has made dramatic progress against hunger in recent decades—a fact that is not always recognized. Sustained economic growth has proven vital. But finishing the job of ending chronic hunger and malnutrition will require more than sustaining economic growth and continuing policies and initiatives that have been successful thus far—vital as both these factors are. It means, in the words of the Sustainable Development Goals (SDGs), leaving no one behind.

People are left behind for a variety of reasons, but perhaps the primary reason is that what they earn from their work cannot meet their basic needs and those of their children. They don't have sustainable livelihoods.

People living with physical or mental disabilities are a good example of a sizeable group with few options to make a living. In some countries, the unemployment rate for people with disabilities is as high as 80 to 90 percent,² explaining why people with disabilities have been referred to as the poorest of the poor.³ Social protection systems in low- and middle-income countries are often not extensive and cover far fewer people. The International Labor Organization (ILO) reports that around the world, only about one disabled person in four receives a disability benefit.⁴ Excluding people with disabilities from education and the labor market, under the assumption that they cannot contribute, is costly in both human terms and financial terms; the ILO estimates this cost at between 3 percent and 7 percent of GDP.⁵

Most people around the world who endure chronic hunger are smallholder farmers and landless agricultural workers who live mainly in countries with fewer resources. They grow food for survival on small plots of land and earn modest incomes by selling in local markets. They eat mostly staple crops, such as rice, corn, and cassava, which means that their diets often lack essential nutrients. This is one reason that in most countries, there is a noticeable gap between rural and urban areas when it comes to childhood stunting; stunting rates are usually 10 percent to 20 percent higher in rural areas.

South Asia and sub-Saharan Africa have the highest rates of hunger. Farming in both regions is done largely without the benefit of modern equipment or inputs. Women make up a sizeable share of the agricultural workforce, producing most of the food

crops their communities consume. Men often migrate in search of paid work in urban areas. In the poorest households, children, especially girls, are frequently kept out of school to help support the family.

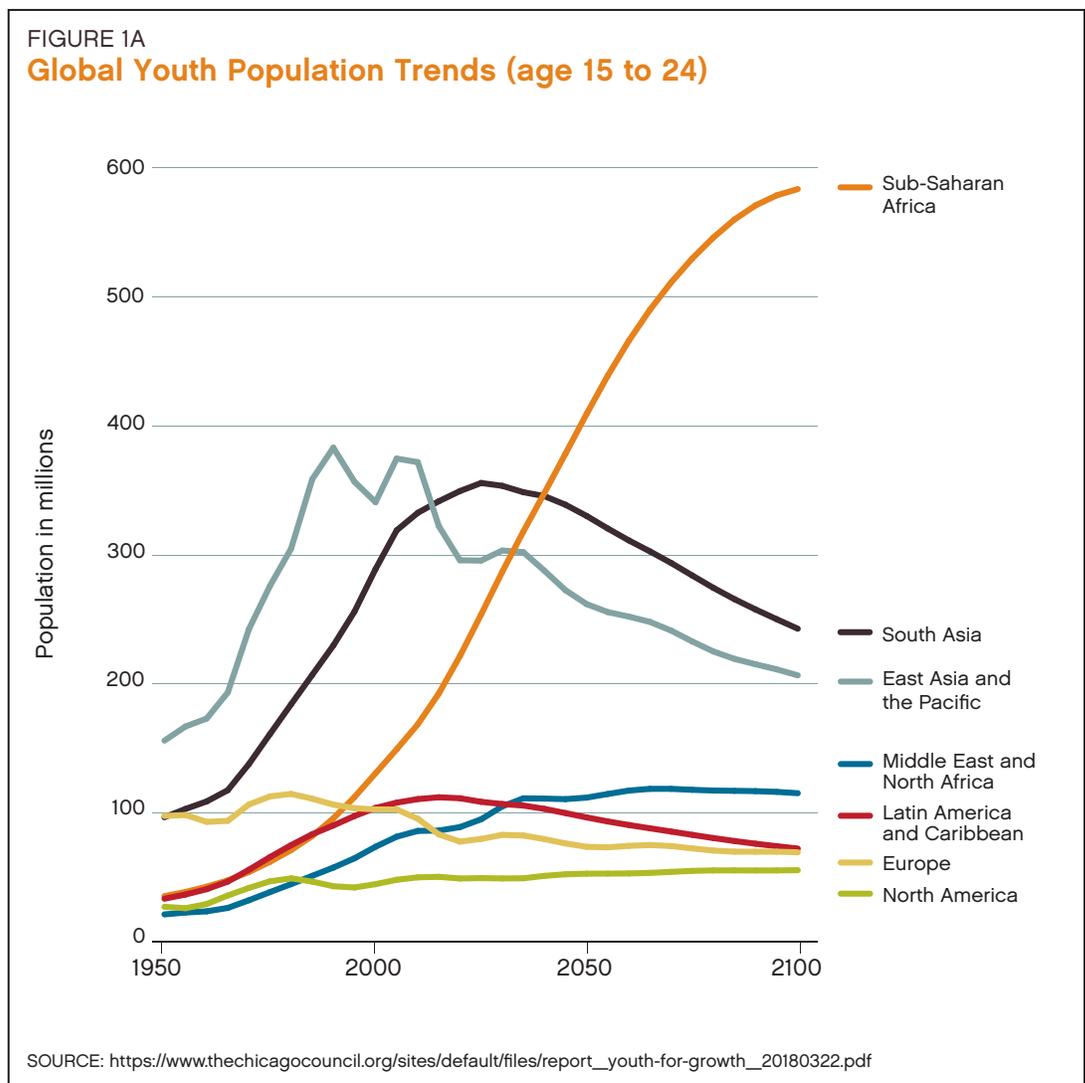
Countries succeed in reducing poverty by diversifying their economies. An initial focus on agricultural development produces the most rapid progress: growth in agriculture has been shown to be two to four times more effective in reducing poverty than growth in other sectors.⁶ This explains why historically industrialized countries began by modernizing their agricultural sector. Doing so enables workers to move out of low-productivity agriculture as new opportunities open in manufacturing and services. In the United States, for example, more than half the labor force was employed in agriculture in the late 19th century, but less than 2 percent work as farmers today.

The Green Revolution of the 1960s brought a significant improvement in agricultural productivity that ended famines in China and India and dramatically increased crop yields and made more food available at lower cost there and in other countries in Asia and Latin America. The U.S. government and U.S. philanthropies such as the Rockefeller Foundation were among the funders of the agricultural research that produced the Green Revolution, helping save millions of lives and enabling countries to feed millions of additional people.

Now, when African countries are among those hit hardest by malnutrition and climate change, the need for investments in agriculture is more critical than ever. Climate resilience and healthy diets are essential to both current and future food systems, so the Green Revolution's emphasis on productivity must be combined with techniques that promote nutrition and sustainable forms of productivity growth. Most smallholder farmers in Africa continue to work with less productive equipment and methods, such as plowing without the help of oxen or machinery. All countries must now transition to a low-carbon economy, so low-carbon strategies to improve agricultural productivity are critically important.

As mentioned earlier, today's global youth population is enormous and continues to grow rapidly. Projections indicate that by 2050, Africa will have twice as many young people as today. The need for jobs is already acute: between 10 million and 12 million Africans reach working age every year,⁷ and countries are struggling to create jobs for even a portion of them.

Improving agricultural productivity and enabling young people to earn income are the key to reducing hunger and spurring economic growth. So it makes sense to focus on employing young people in more productive agricultural ventures. Many younger people have moved to urban areas or have left to seek work abroad. But the cities do not offer many opportunities for people with limited education and skills. In low-income countries, as a group, only 40 percent⁸ of those of secondary-school age actually enroll in secondary school. A country that wants to realize the potential of its large numbers of youth



must make long-term investments in human capital. Educated workers will drive changes in the structure of the economy.

Nutrition must also be a top priority in these human capital investments. As we explain elsewhere in this report, far too many children and adults alive today are affected by stunting—a condition caused by malnutrition in earliest childhood (before age 2). It causes lifelong health problems and limits people’s educational attainment and even their lifetime earnings. Put simply, stunted children do not achieve their full potential, and that affects entire countries. As former World Bank President Jim Yong Kim once warned, “You cannot walk into the future with 20, 30, 40 percent stunting rates and expect to succeed.”⁹

World leaders are at a critical juncture, according to a recent report by the Chicago Council of Global Affairs, *Youth for Growth: Transforming Economies through Agriculture*. “With proactive measures to meet food security and employment needs,

a booming youth population has the potential to transform entire regions, making them more prosperous, stable, and secure. If they can be properly equipped with the requisite skills and engaged in productive employment, this growing cohort of young people can be a key asset for social and economic transformation. However, if not managed properly, this rising youth population could be a major contributor to social disruption, political instability, and conflict.”¹⁰

Possibilities and Challenges

Farm to Table

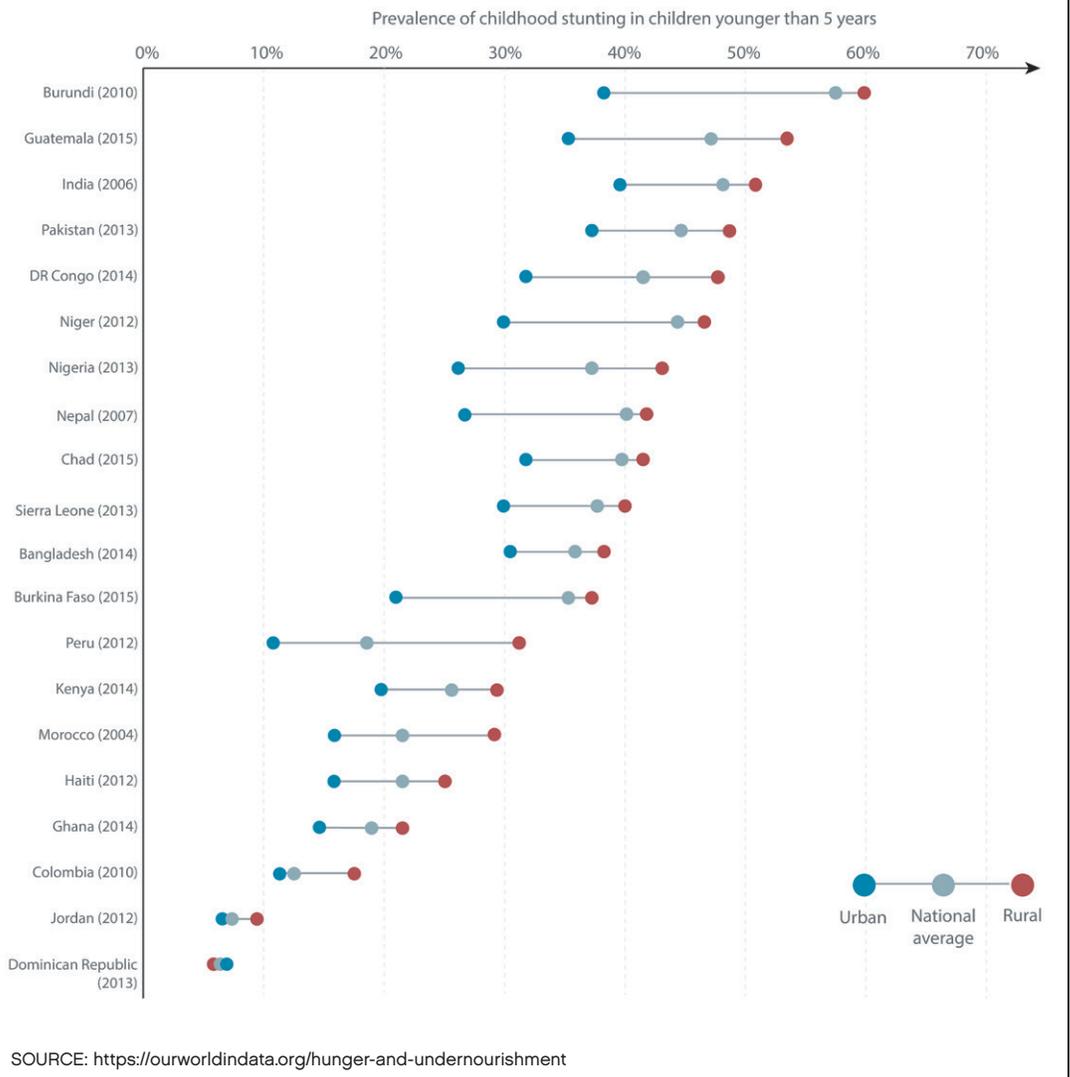
For the first time ever, a majority of the global population in 2018 belonged to the middle class.¹¹ Every year, more than 100 million people from all over the world join the middle class. This is exciting news to anyone working in agriculture, including smallholder farmers and laborers in low-income countries, because middle-class people can afford more and better food.

Enabling smallholder farmers to take full advantage of this opportunity will require improving productivity in both farming itself and in the various stages of getting food from the farm to the table. The entire process, including food production, processing, distributing, marketing, and retailing, is often called a “value chain” because each step adds value to the initial raw commodities. Increased demand from newly middle-class families affects the whole value chain and everyone who works in one of the links of the chain.

FIGURE 1B

Prevalence of Childhood Stunting by Rural-Urban Setting

The prevalence of childhood stunting as a percentage of the total under-5 population in rural (shown in red) relative to urban settings (shown in blue). The average prevalence of stunting for each country is also shown in grey.



SIDEBAR

Feed the Future: A whole-of-government approach to fighting global hunger and malnutrition through agricultural development

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

The Agency for International Development (USAID) leads interagency coordination as well as field implementation. USAID manages an array of agricultural development, nutrition, and resilience projects that support Feed the Future's goals; move countries along a path toward self-reliance; and leverage partners, like the private sector and the research community, for sustainable progress. USAID also provides expertise and leadership in rigorous monitoring, evaluation and learning for the initiative.

U.S. DEPARTMENT OF AGRICULTURE

The Department of Agriculture (USDA) contributes to Feed the Future with agricultural programs and activities focused on capacity-building, international food assistance, research and the promotion of science-based solutions to expand markets and trade.

U.S. DEPARTMENT OF COMMERCE

The Department of Commerce contributes to Feed the Future by promoting trade and investment through sustained engagement of partner-country governments and advocacy on behalf of the U.S. private sector. It also provides weather and climate forecasting and guidance to some countries to mitigate weather shocks and stresses through the National Oceanic and Atmospheric Administration.

U.S. DEPARTMENT OF STATE

The Department of State contributes to Feed the Future by promoting global, regional, national, and sub-national policies that foster sustainable reductions in hunger and malnutrition and sustainable increases in agricultural development in ways that concurrently promote U.S. economic prosperity and national security.

U.S. DEPARTMENT OF TREASURY

The Department of Treasury contributes to Feed the Future by overseeing funding from multilateral development banks for agricultural activities, including through the International Fund for Agricultural Development, the Global Agriculture Food Security Program, the Inter-American Development Bank, the African Development Bank, the Asian Development Bank, and the World Bank.

MILLENNIUM CHALLENGE CORPORATION

The Millennium Challenge Corporation (MCC) contributes to Feed the Future by working with countries to implement market-driven solutions to poverty and food insecurity. MCC invests in a variety of projects, including critical infrastructure, sanitation and nutrition, stronger property rights, and improved land policy—as well as access

to finance. From the formalization of land rights for more than 320,000 land-users to the disbursement of more than \$87 million in agricultural and rural loans, MCC's investments are helping to empower farmers and rural economies.

OVERSEAS PRIVATE INVESTMENT CORPORATION

The Overseas Private Investment Corporation (OPIC), the U.S. Government's development finance institution, contributes to Feed the Future by helping the private sector invest in agriculture across the developing world. By providing financing, political-risk insurance, and support for private equity, OPIC helps U.S. businesses invest in emerging markets. Over the past 20 years, OPIC has invested more than \$500 million in projects that support food security, irrigation, and smallholder farmers.

PEACE CORPS

The Peace Corps contributes to Feed the Future through the work of Peace Corps volunteers, building local capacity among individuals, groups and communities to promote sustainable agricultural development, better nutrition, and stronger resilience. Since 2012, approximately 1,000 volunteers in at least 40 countries around the world have supported Feed the Future activities every year, reaching more than 40,000 beneficiaries annually.

OFFICE OF THE U.S. TRADE REPRESENTATIVE

The Office of the U.S. Trade Representative contributes to Feed the Future by advancing work on trade and investment policy, including trade facilitation and other efforts to reduce barriers to efficient markets, consistent with international obligations in the World Trade Organization, through bilateral discussions on trade and investment, framework agreements, and free-trade agreements.

U.S. AFRICAN DEVELOPMENT FOUNDATION

Through Feed the Future, the U.S. African Development Foundation (USADF) addresses, at the grassroots-level, the root causes of hunger and food security. Through local-enterprise development and catalytic seed capital, USADF has worked with nearly 200,000 farmers, half of whom are women, and improved the lives of nearly one million people who are now living free from hunger.

U.S. GEOLOGICAL SERVICE

The U.S. Geological Service (USGS) contributes to Feed the Future by providing scientific and technical expertise for remotely sensed and seasonal forecast-derived products on crop performance indices for more informed recovery, response, and preparedness. The USGS also provides expertise on integrated approaches for sustainable water resources and management to increase resilience to drought.

SOURCE: USAID, Feed the Future

Two main barriers trap many African farmers in farming methods that produce little compared with the time and effort expended: difficulty in accessing sufficient land (a barrier for female farmers in particular) and difficulty in accessing essential supplies for more and better-quality crops, such as seeds, fertilizer, and equipment. Tractors are standard on many of the world's farms: the global average is 200 tractors per 100,000 square kilometers.¹² In Africa, the same 100,000 square kilometers has an average of only 13 tractors.

The problem of expanding Africa's exports of its crops is not only one of low productivity. Protectionist agricultural policies¹³ in the United States and European Union countries restrict access to their markets. It is hard to overstate the impact of such policies. In recent decades, Africa's share of global exports has decreased dramatically. Across all countries in sub-Saharan Africa, not only did shrinking markets cause an average loss equivalent to 21 percent of the national GDP, according to the World Bank,¹⁴ but the loss was *more than five times* the amount Africa receives in foreign assistance.

The lack of the resources necessary to improve their farms' productivity means local farmers lose not only opportunities to export their goods, but the ability to supply their own country's food needs. Beyond even the lost income for farm families living in poverty, heavy reliance on imported food makes the entire nation more vulnerable to hunger emergencies. This was shown when global food prices spiked in 2008 and 2010. Some food-exporting countries even halted their exports, the cost of importing food was out of reach for many countries, and the cost of buying food in the market was out of reach for many ordinary families.

The second barrier to boosting agricultural livelihoods involves the rest of the value chain. Whether or not more efficient production on farms will lead to new jobs off the farm depends on whether there are processing facilities able to make the products and infrastructure to meet the transportation and energy needs that consumer demand has generated.

Unfortunately, Africa's agricultural value chain has huge unmet needs. Manufacturing's share of GDP in sub-Saharan African is the lowest of any region, and it has been declining for decades.¹⁵ Roads and other infrastructure are also inadequate. A World Bank report estimated sub-Saharan Africa's infrastructure needs at \$93 billion per year.¹⁶

Lack of infrastructure creates a vicious cycle, since private sector investors require infrastructure before they invest. Country governments, international development institutions, and investors can work together to fill critical infrastructure needs. One example is the projects funded by the U.S. Millennium Challenge Corporation (MCC), established in 2004 as a way of supporting countries that invest in their people and meet other indicators of good governance. They receive multiyear grants (known as "compacts") that they plan themselves. Most of the funding has gone to meet core infrastructure needs.

The International Development Association (IDA) is the arm of the World Bank that provides grants and concessional loans to countries with per-capita incomes below a certain threshold. For 2019, that threshold is \$1,145. In recent years, the number of eligible countries has ranged from 75 to 81. Delivering more jobs to meet the demands of a growing youth population has emerged as a top concern at IDA.

Advocacy Impact Story

The Personal Touch: Bread for the World's Advocacy Was Instrumental in Passing the Global Food Security Act

In 2016, Congress passed the Global Food Security Act (GFS), which strengthened U.S. commitment to reducing hunger and authorized additional resources to improve agriculture, particularly for farmers who rely on small plots of land for their living. Behind the scenes, Bread for the World's advocacy was instrumental in securing congressional support for bringing the bill up for a vote and passing it. Smallholder farmers have been a focus of Bread's work since our founding in 1974.

The support of individual members of Congress is critical to enacting legislation. Every year in both the House and the Senate, hundreds of legislative bills are introduced, assigned a bill number, and then never put to a vote. Because members of Congress cannot study all these proposals, they often decide on their position based on a bill's list of cosponsors, who are other members of Congress willing to endorse the bill. Often, it falls to advocacy groups such as Bread for the World to bring specific bills to the attention of members of Congress and ask them to cosponsor. If a bill has a strong list of cosponsors, Senate and House leadership are far more likely to schedule it for a floor vote.

One of the hallmarks of Bread for the World's advocacy has always been its personal touch. To many people on Capitol Hill, stacks of handwritten letters delivered by hand to congressional offices mean "Bread for the World." Bread advocates have a mission: making hunger a legislative priority. Soon after the bill was introduced in 2015, Bread's members and staff began visiting House and Senate offices both in Washington, D.C., and in members' districts. This effort continued into 2016.

Longtime Bread for the World member Rev. Ron Neustadt, a retired Lutheran minister in Beltsville, Illinois, reached out to his newly elected representative, Mike Bost (R-IL-12). Because the representative had minimal experience in global hunger

and poverty issues when he was elected in 2014, it was an opportune time to brief him on how he could help reduce hunger and malnutrition. Neustadt made persistent efforts to explain why GFSA was important to Bost's constituents. He was able to make connections between farming in Bost's district, which is largely agricultural, and the efforts of smallholder farmers in developing countries. Bost ultimately became a cosponsor of GFSA.

GFSA had 112 House and Senate cosponsors when it came up for a vote. Bread advocates had helped secure more than half of them. In the summer of 2016, GFSA passed in both the House and Senate with overwhelming bipartisan support. Once a bill has been enacted, it is generally much easier to get it reauthorized. GFSA was reauthorized in 2018.

GFSA requires the government to coordinate its anti-hunger initiatives and make efforts to avoid the problems associated with planning projects in isolated "silos." GFSA also authorized spending \$1 billion a year on efforts to reduce hunger by focusing on its longer-term causes.

Once GFSA became law, the administration's new Feed the Future food security initiative began to support efforts to reduce communities' vulnerability to hunger. To do this, it puts its focus on agricultural growth, increased farmer productivity, and improved nutritional quality, particularly for pregnant women and children younger than 2. Feed the Future reports that in the countries where it works, 5.2 million fewer families are going hungry now, and 3.4 million children to date have been spared childhood stunting.

Feed the Future also supports governments in investing more of their own resources in agriculture. In 2018, USAID Administrator Mark Green reported an average increase of 25 percent in the agriculture budgets of countries where Feed the Future works.

Bread's organizing team supports advocates in their efforts to communicate with their members of Congress. Zach Schmidt has been a Bread organizer since 2008. His portfolio includes Illinois, and he helped put Rev. Neustadt in touch with Bost's office. "It's a testament to the effectiveness of Bread's strategy," said Neustadt of his success in winning Bost's cosponsorship of GFSA.

Schmidt describes the passage of GFSA as the most gratifying experience of his work at Bread. "It's been empowering for Bread members," he explained. "They know they have impact, but GFSA shows it. Advocacy does work."



LIVELIHOODS IN THE UNITED STATES

"No business which depends for existence on paying less than living wages to its workers has any right to continue in this country." – President Franklin Delano Roosevelt, 1933¹⁷

Millions of workers in the United States, along with their families, depend on low-wage jobs for their livelihoods. But low-wage jobs do not pay enough to meet basic living expenses, which means that far too many Americans live in or near poverty. This is all the more striking because, over the last several decades, the U.S. economy's growth has been more than sufficient to enable employers to pay living wages to all workers. Particularly since 1980, most of the gains from growth have gone instead to a small percentage of the wealthiest households, while the wages of the vast majority of workers have been stagnant. U.S. government policies have done little to remedy this situation.

A Closer Look: A Rising Tide Does Not Lift All Boats

The 2018 Hunger Report, *The Jobs Challenge*, discussed the need to strengthen job opportunities and training resources in rural America. A particularly pressing need is stronger infrastructure to attract more businesses to rural areas to help replace the millions of manufacturing jobs lost since 2000 alone. A particular need is high-speed Internet—a requirement for today's businesses in which 34 million Americans, mostly in rural areas, still lack access.¹⁸

The 2017 Hunger Report, *Fragile Environments, Resilient Communities*, noted the troubling pattern of soaring death rates in rural areas among white women ages 30 to 44. Death rates have risen by 48 percent since the 1990s. Increasingly, the causes of these deaths are diseases linked to drug and alcohol abuse, smoking, and obesity—and suicide.¹⁹

These examples demonstrate why U.S. policymakers need to devote more attention to jobs, health care, reducing poverty, and other issues facing the nation's rural population. Federal and state governments have also failed to take actions that would enable U.S. "persistent poverty" counties to make progress.

These largely rural counties are left behind even when most of the U.S. economy is doing well. The United States has 558 rural persistent child poverty counties, where the poverty rate among children has been 20 percent or higher for the past 30 years.²⁰ Non-metropolitan areas will require attention and additional resources if the United States wants to leave no one behind and end hunger.

Possibilities and Challenges

Low Unemployment, High Rates of Hunger

People who receive assistance from the Supplementary Nutrition Assistance Program (SNAP) to help put food on the table are often criticized, even vilified, by elected officials and others. The assumption is that participants do not work, or do not work hard enough, and choose instead to use taxpayer-funded nutrition programs to buy their groceries.

The past year has produced the strongest evidence yet that this is not what is happening. Eligibility for SNAP is determined by household income. In 2018, the unemployment rate was historically low throughout the year.²¹ Yet SNAP participation averaged more than 40 million people per month.²²

The reason our wealthy country has tens of millions of people who need help to buy food is not difficult to explain: far too many jobs pay too little to enable people to feed themselves and their families. Most people who participate in SNAP are not expected to work because they are children, elders, or people with significant disabilities. For those who work, the most common jobs they hold include restaurant servers; cashiers; cooks; home-health and personal care aides; and maids, housekeepers, or cleaners.²³

These jobs are more likely to be filled by women of color, men of color, and white women than by white men. As a result, men of color, and women of all races—but particularly women of color—are more likely to be hungry, food insecure, and living in poverty than white men. One in five Latino workers and one in seven African Americans are not paid enough for a full-time, year-round job to move them over the poverty line.²⁴

To achieve racial equity in the United States, we must acknowledge the impact of past policies that deliberately keep communities of color from full and equal participation in American society. African Americans, even after being freed from legally sanctioned slavery, were denied land that had been promised to them. The opportunity to bequeath land and other assets to their children and grandchildren was taken from them, with consequences that endure today. Meanwhile, Native Americans had their land stolen, and they were denied U.S. citizenship. Later, job segregation meant that most people of color were excluded from the country's first minimum wage law.

These are just a very few of the laws and policies that have pushed people of color to the margins of society, excluding them physically, economically, and socially. While it is true that, today, laws prohibit racial discrimination, there is little evidence that it is a thing of the past.

To end disparities and injustices based on race, and in that way leave no one behind, the United States must take action to level the playing field. The workplace is a critical arena where policy change can lead to social change. But enforcement of labor laws prohibiting discrimination has been lax at best. People of color remain largely segregated in the lowest-paying jobs. Workers of color are also at greater risk of labor law violations, such as wage theft, sexual harassment, and unsafe working conditions, than their white counterparts.²⁵ Unemployment rates are higher for people of color.

The reality for most U.S. workers is that their real wages (meaning adjusted for inflation) are stagnant or eroding—and have been for many years. Contrary to what we may hear, wage stagnation is not just a problem for workers who did not finish high school, or even for those who have no education beyond high school. For many years, it has affected people with some college credits or an associate degree. In the 21st century, it began to affect many workers with bachelor's degrees.²⁶

While millions of working families live paycheck to paycheck and postpone going to the supermarket until monthly SNAP benefits have been deposited in their electronic accounts, the very wealthiest households have continued to benefit from the growth of the economy. The U.S. economy is three times larger than it was in 1980—that is three times larger in real terms, adjusted for inflation. Over the same period, the average CEO got a very generous raise. In 1980, a CEO earned about 30 times as much as a typical worker in the company. By 2017, that ratio had soared: a CEO is now paid 312 times as much as a typical worker.²⁷

It was President John F. Kennedy, describing the U.S. economy in the early 1960s, who first made the comment that “a rising tide lifts all boats.”²⁸ This was generally the case from the end of World War II to the late 1970s. But while people may still use this expression or at least subscribe to its philosophy, it has not been true for a generation or more. In early 2017, when the United States already had one of the highest levels of inequality of all high-income countries,²⁹ the Tax Cuts and Jobs Act of 2017 was signed into law. It largely benefits the very wealthiest Americans—and it virtually guarantees that inequality will continue to worsen.

Income inequality has a direct effect on intergenerational mobility—children's ability to reach a higher living standard than their parents. Because of institutionalized racism, low-income people who are white or Latino have higher rates of mobility than African Americans and indigenous people, but no demographic group is doing particularly well compared to earlier gen-

erations.³⁰ A recent study found that someone born in this country in the 1940s had a 90 percent chance of earning more than their parents as an adult of the same age. Among people born in the 1980s, who have most likely already reached their peak earning years, the chance of earning more than their parents has fallen to 50 percent.

The most important finding of the study is that this decline was driven almost entirely by the unequal distribution of economic growth. Had growth been distributed evenly, the outcome for people born in the 1980s would be nearly the same as those born in the 1940s.³¹

Jobs that pay minimum wage or slightly above are typically unstable. Schedules can change on short notice for reasons beyond a worker's control. The worker has little choice but to work the new schedule or lose the job. Few of these jobs include a single day of paid sick leave, and workers are unlikely to have health insurance since, even if the employer offers it, the premiums are generally unaffordable.

In a nationwide survey of housing costs, the National Low Income Housing Coalition estimated that the average two-bedroom rental unit in 2017 required an hourly wage of \$21.21.³² More than half of all U.S. workers earned less than this.³³ The combination of high rents and low wages is a decisive factor in our country's extraordinarily high eviction rates: every minute, four people are forced out of their homes.³⁴

Because food is the easiest place to cut the household budget, many families must compromise on the quantity and quality of the foods they eat to cover other expenses such as heating their home or filling a prescription. The "choices" of heat or eat, treat or eat, are all too familiar to low-wage workers and their families. Hunger—while unnecessary in our country and a drain on our health and economic productivity—is an American reality. But the situation is far from hopeless—because better U.S. government policies have the power to change it.

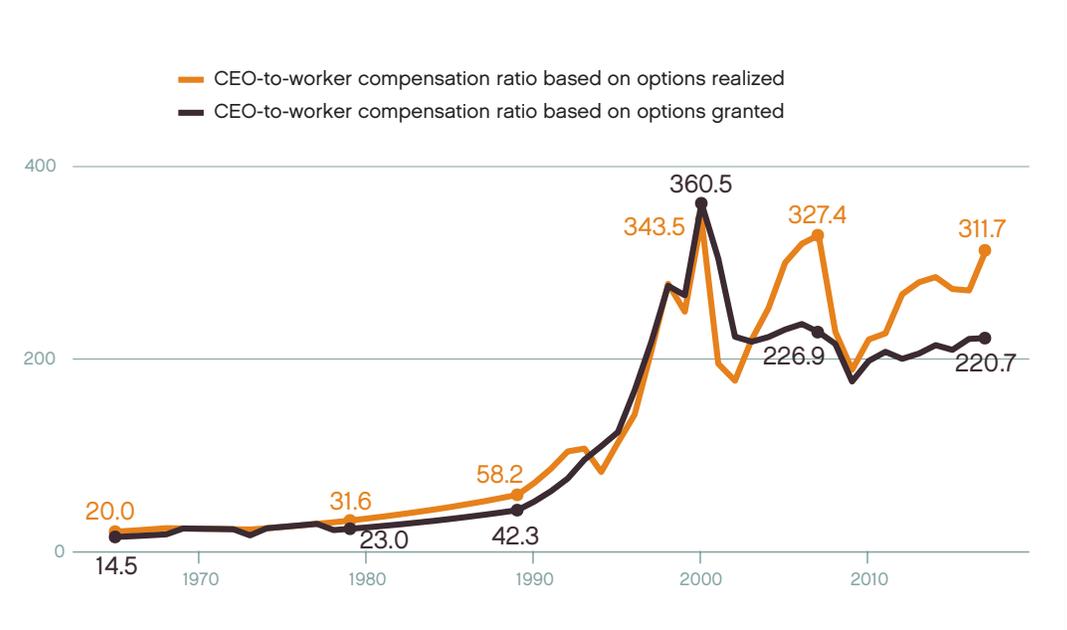
Possibilities and Challenges

Make Work Pay

There is no law of economics that dictates what our country is like for low-income people. Tax laws, labor laws, regulatory policies, and others determine how the gains from economic growth are distributed. Nutrition program policies determine whether everyone in need receives food.

For example, one law Congress could change is increasing the federal minimum wage. But it has not made such a change since 2009. In each of the 10 years since then, the value of that \$7.25 an hour minimum has decreased because of inflation. The value of the minimum wage has been on the decline since 1968. In 2018, a full-time minimum wage worker earned \$15,080. A full-time minimum-wage worker in 1968 earned \$20,600 in 2018 dollars.³⁵

FIGURE 1C
CEOs Make 312 Times More Than Typical Workers
 CEO-to-worker compensation ratio, 1965–2017



NOTES: CEO annual compensation is computed using the "options realized" and "options granted" compensation series for CEOs at the top 350 U.S. firms ranked by sales. The "options realized" series includes salary, bonus, restricted stock grants, options realized, and long-term incentive payouts. The "options granted" series includes salary, bonus, restricted stock grants, options granted, and long-term incentive payouts. Projected value for 2017 is based on the change in CEO pay as measured from June 2016 to June 2017 applied to the full-year 2016 value. Projections for compensation based on options granted and options realized are calculated separately. "Typical worker" compensation is the average annual compensation of the workers in the key industry of the firms in the sample.

SOURCE: <https://www.epi.org/publication/ceo-compensation-surged-in-2017/>

Additional income of just over \$5,500 would make an enormous difference to a minimum-wage worker today. Preserving the value of the minimum wage would also have lowered our national rates of poverty and hunger. If the federal minimum wage had maintained its 1968 value, it would be \$9.70 an hour—and the poverty rates among both African Americans and Latinos would be nearly 20 percent lower than they are today.³⁶

In 2017, 80.4 million U.S. workers were paid at an hourly rate, and 1.8 million of these were paid the federal minimum wage or less.³⁷ (Please see the Gender chapter of this report for more on workers who can legally be paid less than the minimum wage because they are expected to make up the rest in tips.)

A low minimum wage means a low floor for all other low-wage workers. David Cooper of the Economic Policy Institute concluded that gradually raising the federal minimum wage to \$15 an hour by 2024 would lift the wages of 41 million workers, approximately one-third of the workforce. All full-time workers would then have incomes above the poverty line.³⁸

More than half the states and several large municipalities have adopted a minimum wage higher than the federal one. California, the most populous state, began 2019 with a minimum wage of \$12 an hour.³⁹ While this is obviously closer to California's cost of living than \$7.25, it is still far less than the National Low Income Housing Coalition's estimated hourly wage needed to afford a two-bedroom apartment, which is \$30.92.⁴⁰

Many employers appear to be aware that employees have trouble making ends meet on the hourly wages they pay. In 2013, at the height of the “Fight for \$15” protest led by workers in the fast-food industry, McDonald's was roundly criticized for advising its workers to apply for SNAP rather than request a raise.⁴¹ Employers may be reluctant to raise wages when their competitors do not have to do the same, which is why it is the role of Congress to enact laws that apply to everyone.

In 2018, Amazon, the second-largest U.S. employer, announced it would increase the company's minimum wage to \$15 an hour. As a result, more than 250,000 workers earning less than that will receive a raise. “We listened to our critics, thought hard about what we wanted to do, and decided we want to lead,” said Jeff Bezos, Amazon's chief executive.

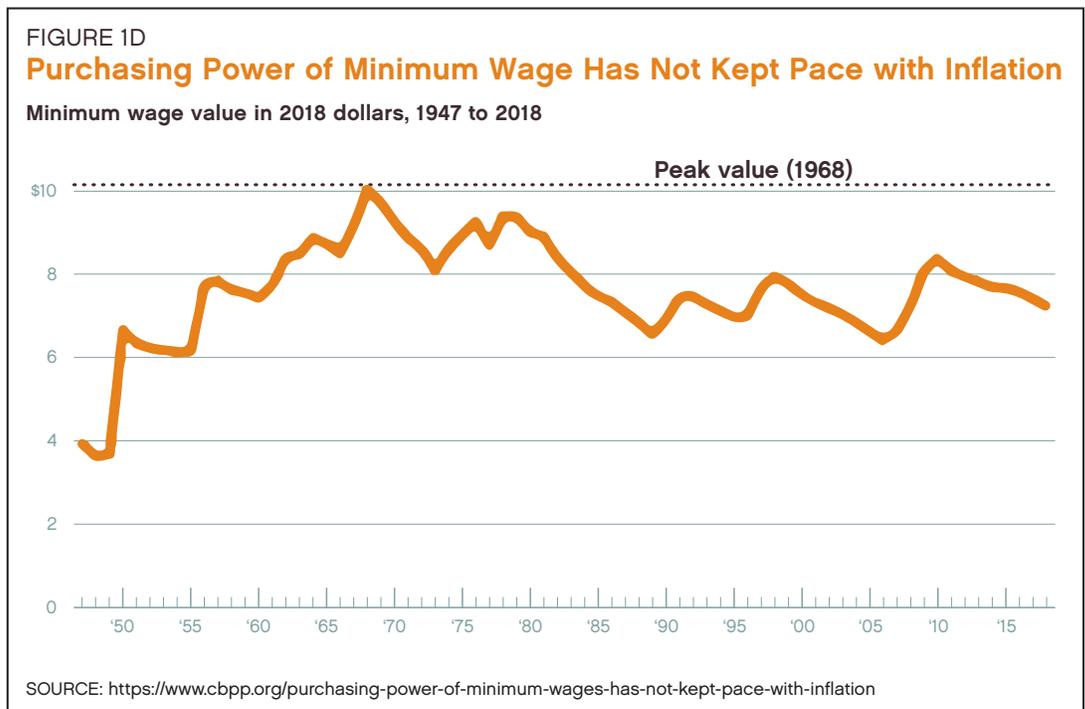
More important, however, was Amazon's announcement that it would lobby Congress to raise the federal minimum wage.⁴² As mentioned above, an estimated 41 million people would benefit from raising the minimum wage to \$15 an hour over the next five years.

A significant U.S. policy that boosts the income of low-wage workers with children is the Earned Income Tax Credit (EITC). For workers who qualify, the EITC refunds a portion of the money deducted from their paychecks. Those who earn the least get back more than they paid

in through payroll deductions. Combined with the Child Tax Credit, in 2017 the EITC moved 8.3 million people over the poverty line, including 4.5 million children.⁴³ President Ronald Reagan called the EITC “the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress.”⁴⁴ The EITC has been linked to many positive outcomes for children, including higher test scores, high school graduation rates, college enrollment rates, likelihood of stable employment, and earnings in adulthood.⁴⁵

The EITC is no substitute for a better-paying job. It is

a limited amount given in a lump sum after workers file their tax returns. Most families use their EITC to repay loans or make purchases they had to postpone at other points in the year.⁴⁶ Food security, on the other hand, depends on a regular paycheck that is enough to pay monthly bills. As Robert Greenstein, president of the Center on Budget and Policy Priorities, explains,



the EITC and an adequate minimum wage are “the twin pillars of a make-work-pay strategy.”⁴⁷

Bread for the World Institute’s 2018 Hunger Report, *The Jobs Challenge*, offers a menu of more than a dozen public policies that would improve job opportunities for low-income people.

Advocacy Impact Story

Just Economics: The People’s Voice for Transportation Equality in Asheville, North Carolina

Asheville, North Carolina, is one of the fastest-growing cities in the United States. Its setting in the Blue Ridge Mountains has attracted many retirees, as well as artists, writers, musicians, and tourists from all over the country.

The flip side of Asheville’s popularity is its high cost of living, one of the highest in North Carolina. People who work in the low-wage economy confront the near-impossibility of finding affordable housing within commuting distance of their jobs downtown.

This was the situation in 2009 when city officials unveiled a transit master plan. When people who used the bus system because they couldn’t afford to own a car—often called “necessity” riders—saw the plan, they noticed that their needs seemed to have been forgotten. The master plan eliminated routes in some neighborhoods. It changed schedules in ways that made commuting far more difficult for people who work irregular hours.

The buses did not operate at all on Sundays, a longstanding grievance of necessity riders, especially those who hold late-night jobs. Employers would tell job applicants that there was no point in applying unless they had an alternative to public transportation on Sundays. Cab fare could cost an entire day’s earnings.

City leaders were focused instead on recruiting new riders, people who didn’t usually take buses at all. From their perspectives, this may have been a worthwhile goal. Perhaps it would reduce greenhouse gas emissions and/or improve the transit system’s financial stability. At least in part because patrons who used the bus system regularly were not included in the plan’s development, no one pointed out potential negatives until necessity riders finally saw the plan.

Local advocacy efforts on transportation may be more important than on any other basic need. There is no federal program dedicated to helping low-income households meet their transportation needs, as there is for food security, health care, child care, or housing. Yet housing, child care, and transportation are three of the largest items in a low-income household’s budget.

When policies are made that affect low-wage workers and other low-income people, their voices are rarely heard and their concerns even more rarely understood. *Just Economics*, based in Asheville, helps people organize to change that. Born out of a successful living-wage campaign in the early 2000s, *Just Economics* includes a leadership development program, “Voices for Economic Justice,” which has trained hundreds of community activists. The eight-week program culminates in a group project. In 2012, one of the groups decided to focus on the transit master plan.

Over the next year, the group members, all of whom used the bus system “by necessity,” came together as *The People’s Voice on Transportation Equality*. They met weekly and ultimately produced a 19-point plan, which they submitted to the City Council in January 2014. *Just Economics* supported the group by paying for transportation, child care, and food for meetings. All of these were important because some activists worked more than one job and had young children to care for.

Group member Calvin Allen explained that he worked the late shift at McDonald’s and often missed the last bus, leaving him with no choice but to walk home. Some nights, following a grueling shift, he was too exhausted to walk and chose to sleep at the bus stop instead.

By the end of 2017, the city had agreed to all 19 points of the reform agenda. In addition to proposals on routes and service hours, the points included a requirement that necessity riders be represented on the city’s transit committee, and changes in the rules to better meet the needs of low-income riders. For example, the agenda called for an end to the policy that a rider could bring only three bags of groceries on the bus, because this meant that many riders had to spend extra time and money making multiple supermarket trips every week.

Getting all 19 points accepted by city government was a major accomplishment. But even more than the policy victories, the campaign by the People’s Voice on Transportation Equality was a resounding success because it proved that people living with poverty can get government to respond to their needs and priorities. Empowerment is a word often used lightly, but being able to silence the voice in a person’s own head—repeating the discouraging thought that policymakers will never listen to her, a poor person—is what empowerment really means.

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