

In the social sciences it is usual to start with conceptions or definitions of a social problem or phenomenon and proceed first to its measurement and then its explanation before considering, or leaving others to consider, alternative remedies. The operation of value assumptions at each stage tends to be overlooked and the possibility that there might be interaction between, or a conjunction of, these stages tends to be neglected. What has to be remembered is that policy prescriptions permeate conceptualization, measurement and the formulation of theory; alternatively, that the formulation of theory inheres within the conceptualization and measurement of a problem and the application of policy.

While implying a particular approach to theory, Chapter 1 was primarily concerned with the conceptualization and measurement of poverty in previous studies. This chapter attempts to provide a corresponding account of previous theories of poverty. It will discuss minority group theory, the sub-culture of poverty and the cycle of deprivation, orthodox economic theory, dual labour market and radical theories, and sociological, including functionalist, explanations of poverty and inequality.

Until recently, little attempt was made to extend theory to the forms, extent of and changes in poverty as such. Social scientists, including Marx, had been primarily concerned with the evolution of economic, political and social inequality. Economists had devoted most interest to the factor shares of production and distribution rather than to the unequal distribution of resources, and where they had studied the latter, they confined themselves to studies of wages. Sociologists had kept the discussion of the origins of, or need for, equality at a very general level, or had confined their work to topics which were only indirectly or partly related, like occupational status and mobility, and the structure and persistence of local community. The social definition of deprivation, the denial by major non-governmental as well as government institutions of access of certain kinds of people to earnings or earnings substitutes, the structuring of the resource systems in relation to social stratification and even the evolution and structure of the wage system attracted little attention.

Theoretical Principles Underlying Alternative Policies

Yet this did not mean that theories were not promulgated. In public policy and in the public expression of political beliefs, if not in full-length academic studies, strongly held theories had been advanced for generations. This can be illustrated best in relation to broad policies applied historically or contemporaneously. Thus, I suggest that alternative policies for dealing with large-scale deprivation or poverty might be identified according to the following three distinct general principles: (a) *conditional welfare for the few*; (b) *minimum rights for the many*; and (c) *distributional justice for all*. Each of these, of course, carries implications for the structure of society, including the organisation of industry, and occupational status and reward.

In Britain, conditional welfare for the few was represented by the development of the Poor Laws, as reflected in the Report of the Poor Law Commission of 1832-4. In the early nineteenth century, leading elites believed that poverty was necessary, for otherwise the labouring poor would not be motivated to work. But they also believed that it was pauperism, a condition of moral defect, rather than poverty, a lack of material resources, which was the problem.¹ They therefore combined fatalism, believing that 'the poor ye have always with you', and moralism, believing that it was individual weakness of character - drunkenness, improvidence, fecklessness - which brought people into poverty.² There were evil social influences which could corrupt the young and which could be rooted out only by stern patriarchal values. Leaders of the new settlement houses and voluntary organizations like the Charity Organization Society called attention severely to individual fault and individual misfortune.³ There were undeserving and not only deserving poor. Early forms of case-work concentrated on the individual and advised independence and self-help. The problem was also believed to be of relatively small dimensions. Thus, before Booth and Rowntree published the reports of their surveys at the turn of the century, improved poor law administration was believed to have reduced poverty to insignificant proportions.⁴ Policy was therefore intended to be one based on conditional welfare for the few. It was linked with *laissez faire* economics and the virtues of a hierarchical, market society. Far from threatening the conventional economic and social order, the policy upheld and reflected it - and therefore helped

¹ For example, Colquhoun, P., *On Destitution*, 1806, pp. 7-9.

² See the clear summary in Rose, M. E., *The Relief of Poverty: 1834-1914*, Macmillan, London, 1972, esp. pp. 6-20.

³ Beatrice Webb referred scathingly to the society in her autobiography. They 'had not got the faintest glimmer of what I have called "the consciousness of collective sin"' - Webb, B., *My Apprenticeship* (2nd edn), Longmans, Green, London, 1926, p. 177.

⁴ For an example of this view, see Giffen, R., 'The Progress of the Working Classes in the Last Half Century', in *Essays in Finance* (2nd edn), 1887. Cited in Rose, *The Relief of Poverty*, p. 15.

to create it. Virtue was carefully linked with work. Since level of income was also tied to amount and importance of work done, those who were not at work not only had less income but had to show eagerness to work even to secure those minimum rights. Some major features of such social policy have persisted to the present day, have been given greater emphasis by some factions than by others, and by some governments than by others, and have, of course, played a large part in many other countries besides Britain. Characteristic of such policy is the maximization of relief through charity and voluntary effort, and public expenditure kept low by the barrier of means tests.

The second principle, minimum rights for the many, began to be treated seriously as a basis for social policy in Britain at the turn of the century. It was spelt out in the Reports on the Poor Law of 1909, particularly through the example of the Webbs' notion of the national minimum, was regarded as lying behind much of the legislation of the period 1902-11, and was taken up with renewed vigour in the Beveridge Report of 1942, with its stress on insurance to provide a minimum subsistence as the basis of benefits, and by both the Coalition and Labour governments during the period 1944-8. Poverty was assumed to be a significant but not an unmanageable problem, explained predominantly by the misfortune of certain minorities who fell out of work, could not work or were not expected to work, and did not have or could not afford certain 'basic' necessities of life. The state had to intervene in the private sector to regulate, supplement and exhort, but not impose. The economic and social order needed to be properly and decently underpinned rather than radically recast. The growth of support for the principle was associated with the rise of trade unions and the Labour party and the extension of the franchise. Characteristic of such policy are redistributive taxation and universal benefits in cash and in kind which are usually limited in range and modest in value. The policy represented more a change in public attitudes towards those who were not dependent on their labour power than a transformation of the scale of productive and non-productive values.

The third principle, distributional justice for all, has not yet been clearly articulated or tried in Britain, though it might be said to have been invoked in certain areas of policy, such as medicine and public health, and some aspects of the law, and is beginning to play a considerable part in discussions about, for example, the educational system, as in the case of community schools, and services and centres for the mentally ill. Support for the principle also arises from some grass-roots activities, such as the movement for workers' control, and certain pressure groups and consumer associations. The poor are believed to be those denied the potential *per capita* share of the resources of the nation, or access to the customs, activities and pleasures generally available within society. The principle is more an aim to be striven towards, and its applications spelt out after further public discussion, than

embodied concretely in historical events. Characteristic of a policy worked out according to such a principle would be the de-stratification of society through economic, political and social reorganization and the equal distribution and wider diffusion of all kinds of power and material resources.

Theories of poverty need to be related to such different policies so that they can be better comprehended. At the very least we can appreciate that there are disagreements not merely about remedies or even explanations but also conceptions and measurement (or scale) of the problem. Each of the policies presupposes a different conception of the problem, different operationalization and measurement, and different explanation. Any statement of policy to reduce poverty contains an implicit if not explicit explanation of its cause. Any explanation of poverty contains an implicit prescription for policy. Any conceptualization of poverty contains an implicit explanation of the phenomenon.

Minority Group Theory

'Minority group theory' originated in the earliest empirical studies of poverty. It is a term which can be coined to represent attempts in those studies to identify the characteristics of certain groups of poor people. For example, in his early work Rowntree said he was not aiming 'to discuss the ultimate causes of poverty. To attempt this would be to raise the whole social question.' Instead, he listed the immediate causes of primary poverty (or earnings 'insufficient to obtain the minimum necessities for the maintenance of merely physical efficiency') as:

1. Death of chief wage-earner.
2. Incapacity of chief wage-earner though accident, illness or old age.
3. Chief wage-earner out of work.
4. Chronic irregularity of work.
5. Largeness of family.
6. Lowness of wage.¹

Rowntree usefully identified a cycle of poverty - children, young married couples with children and old people running the highest risk of descending into poverty. But otherwise no attempt was made to relate these groups to the range and qualifying conditions for membership of the employment system; the differential wage-system and the sources of support for it in institutions and values; and the systems compensating people unable to work or excluded from earning a living.

None the less, the classification represented a significant advance, and influenced political thought away from conditional welfare for the few and towards a minimum

¹ Rowntree, B. S., *Poverty: A Study of Town Life*, Macmillan, London, 1901, pp. 119-20. Rowntree also listed the immediate causes of secondary poverty as 'drink, betting and gambling. Ignorant or careless housekeeping, and other improvident expenditure, the latter often induced by irregularity of income' - *ibid.*, pp. 141-2.

income for certain identifiable minorities, such as the old, the unemployed and the sick. There were advantages to be derived from indicating the processes by which families became or remained poor and the categories into which they might be divided. Later it is argued that the concept of the minority group has an important place in the evolution of theory, and, indeed, the delineation of minority groups is a major objective of the research described in this book.

As we shall see, the division of the population into different social categories and the allocation to some of relatively low resources and status demands exposition and explanation. The process by which some groups are assigned low resources or status can, of course, be negative, as the outcome of action on behalf of other groups, and not only positive. If they are disqualified from receiving new services established by the state, or new kinds or amounts of resources made possible by a growing economy, they can experience a gradual fall into deprivation without there being any explicit discrimination against them.

The Sub-culture of Poverty

The 'sub-culture of poverty' is a concept which is derived from a variety of anthropological, sociological and eugenic studies, and was expressed in its modern form by Oscar Lewis.¹ He suggested that the poorest section of society forms a sub-society or a sub-culture which is distinctive and largely self-perpetuating.

In anthropological usage the term culture implies, essentially, a design for living which is passed down from generation to generation. In applying this concept of culture to the understanding of poverty, I want to draw attention to the fact that poverty in modern nations is not only a state of economic deprivation, of disorganization, or of the absence of something. It is also something positive in the sense that it has a structure, a rationale, and defence mechanisms without which the poor could hardly carry on. In short, it is a way of life, remarkably stable and persistent, passed down from generation to generation along family lines.²

There were 'remarkable similarities in family structure, interpersonal relations, time orientations, value systems, spending patterns, and the sense of community in lower-class settlements in London, Glasgow, Paris, Harlem and Mexico City'. Among the

¹ Henry Mayhew came very close to the idea in his suggestion that costermongers were a residue in society from ancient wandering tribes. See Thompson, E., and Yeo, E., *The Unknown Mayhew*, Penguin Books, Harmondsworth, 1972.

² Lewis, O., *The Children of Sanchez*, Penguin Books, Harmondsworth, 1965, p. xxiv. The key statement about the generations is repeated elsewhere, for example, in *La Vida*. 'Once it comes into existence it tends to perpetuate itself from generation to generation because of its effect on the children. By the time slum children are aged six or seven they have usually absorbed the basic values and attitudes of their sub-culture and are not psychologically geared to take full advantage of changing conditions or increased opportunities which may occur in their lifetime' - Lewis, O., *La Vida*, Panther Books, London, 1968, p. 50.

economic traits were unemployment and under-employment, low wages, 'a miscellany of unskilled occupations, child labour, the absence of savings, a chronic shortage of cash, the absence of food reserves in the home, the pattern of frequent buying of small quantities of food many times a day as the need arises, the pawning of personal goods, borrowing from local money lenders at usurious rates of interest, spontaneous informal credit devices organized by neighbours, and the use of second-hand clothing and furniture'.¹

The social and psychological characteristics included 'crowded quarters, a lack of privacy, gregariousness, a high incidence of alcoholism, frequent resort to violence in the settlement of quarrels, frequent use of physical violence in the training of children, wife beating, early initiation into sex, free unions or consensual marriages, a relatively high incidence of the abandonment of mothers and children, ... little ability to defer gratification and plan for the future', resignation, a belief in male superiority and 'a corresponding martyr complex among women'.² The sub-culture of poverty was both an adaptation and a reaction of the poor to their marginal position in a class-stratified, highly individuated, capitalistic society. It would result from colonial conquest or detribalization. The sub-culture of poverty was not the same as poverty. Many preliterate peoples, many of the lower castes in India and many in a socialist country like Cuba, may live in poverty, but 'they do not have a way of life that I would describe as a subculture of poverty'.³ Again, 'my rough guess would be that only about 20 per cent of the population below the poverty line ... in the United States have characteristics which would justify classifying their way of life as that of a culture of poverty'.⁴

Much of the thesis had been expressed earlier. But the elaborate work of Oscar Lewis gave authority to statements made by governments⁵ and generalizations put forward in popular reviews.⁶

The thesis has come under close examination, however. There are criticisms of method, value-loading of assumptions, ambiguity or imprecision, lack of evidence and logical inconsistency. First, his method of research was extraordinarily interesting but individual-orientated and uncontrolled. With the exception of his first

¹ Lewis, *The Children of Sanchez*, p. xxvi.

² *ibid.*, pp. xxvi-xxvii.

³ Lewis, *La Vida*, p.54.

⁴ *ibid.*, p. 57.

⁵ 'Poverty breeds poverty ... The cruel legacy of poverty is passed from parents to children' - *The 1964 Economic Report of the President*, Government Printing Office, Washington D C, 1964, pp. 69-70. The 1966 and 1967 Economic Reports of the US President made strong references to the cycle of poverty?

⁶ For example, '... the real explanation of why the poor are where they are is that they made the mistake of being born to the wrong parents, in the wrong section of the country, in the wrong industry, or in the wrong racial or ethnic group ... There are two important ways of saying this: the poor are caught in a vicious circle; or the poor live in a culture of poverty' - Harrington, M., *The Other America*, Penguin Books, Harmondsworth, 1962, pp. 21-2.

book, *Life in a Mexican Village*,¹ his books consisted of hundreds of pages (in the case of *La Vida* of 800 pages) of vivid reportage about the lives of individuals belonging to a single extended family, preceded by short introductory sections about country, setting, family, method and the concept of the culture of poverty. His reasons for choosing the families and for investigating particular aspects of their lives were not strictly controlled and explained. Because behaviour was described almost wholly through unstructured individual self-histories, it was inevitable that the patterns of elaborate social organization, and in particular the influence upon individuals and communities of values, beliefs and institutions which are nationally or regionally controlled, should have gone largely unexamined and even unremarked. He concentrated on the family and not the sub-systems and forces of the wider society as the principal unit of analysis. For example, he wrote several books on the poor and yet nowhere discussed, so far as I am aware, the network of agencies providing jobs, training, social security and medical care and the relationships that his informants had with them.² Because Lewis made little use of either the survey method or census data to disentangle the different kinds of community and styles of living even within the areas in which his families lived,³ it was difficult for him to claim that they were representative. For example, prostitution was important in the lives of all the women in the Rios family described in *La Vida*, but Lewis himself states that only 'about a third of the households [in the slum area of San Juan] had a history of prostitution'.⁴

Secondly, there is unconscious if not conscious bias. Many of the criteria used to distinguish the culture of poverty were formulated in terms of middle-class values. Otherwise Lewis would have felt obliged to demonstrate that the poor prized apathy, fatalism, inferiority, submissiveness, hopelessness and despair. He might have asked whether 'a minimum of organization' or 'family instability' were being defined

¹ Lewis, O., *Life in a Mexican Village: Tepoztlán Restudied*, University of Illinois, 1951. This owed a great deal to Lewis's teacher, Redfield.

² In replying to critics like C. A. Valentine, Lewis protested that he laid great store by the economic institutions of society and that these were more important than sub-cultural factors in explaining poverty, but his work does not reflect this retrospective view. See Lewis, O., *Cultural Anthropology*, April-June 1969, pp. 189 and 191.

³ In *La Vida*, Lewis explains that a hundred families in San Juan were selected 'with the help of social workers' and had to have low income and relatives in New York. In New York, fifty families were selected. *La Vida* itself deals with one extended family and contains only about ten pages in the introduction about all the families.

⁴ Valentine charges Lewis with inconsistency: 'Thus in the space of four or five pages we have the characters of *La Vida* presented, in turn, as (i) typical of the culture of the poor, (ii) following a life-style of unknown frequency and distribution, (iii) deeply affected by a specialized occupational pattern confined to one-third of their community; (iv) characterized by an extreme deviance unique in their chronicler's experience, and (v) spanning the gap between the upper and lower classes both in wealth and family patterns' - Valentine, C. A., *Culture and Poverty*, University of Chicago Press, 1968, p. 54.

independently of middle-class evaluations of organization and family stability. One might even ask why material calculated to shock middle-class sensibilities and confirm comfortable middle-class prejudices, for example on sexuality, appears to have been given greater prominence than lengthy, but duller, disquisitions by his informants on politics or sport.

A third problem was ambiguity. All the criteria used to distinguish the subculture of poverty were inexact. The boundaries of the sub-culture were not specified, still less quantified. Because Lewis also distinguished in *La Vida* between those who belonged to the sub-culture of poverty and the much larger class of those who lived in poverty, he disarmed the critic in advance. Evidence produced against his thesis could be said to apply to those in poverty, not those living in a culture of poverty.

Fourthly, in so far as the thesis could be regarded as testable it was difficult to confirm. After a careful study, Rossi and Blum concluded, 'All told, the empirical evidence from our review of the literature does not support the idea of a culture of poverty in which the poor are distinctively different from other layers of society.'¹ A large number of sources might be cited to demonstrate that shantytown inhabitants and other poor individuals in different societies are part of complex forms of social organization, are generally in regular employment,² uphold conventional values³ and develop cohesive family relationships. In so far as some groups of the poor do not participate much in extra-familial associations, their opportunities to do so, because of inaccessibility and prohibitions on membership (trade unions exclude shantytown dwellers from membership in some countries, for example), may be greatly restricted. In so far as some of the poor may give the impression of defeatism, listlessness or irritability, the effects of malnutrition and of overcrowding must first be examined.⁴ There is little comparative evidence for different generations. The authors of one important survey in the United States, while admitting that their data were cursory, concluded, 'Though no sweeping generalizations can be made on the basis of these few tables, they offer little support for a theory of poverty that rests

¹ Rossi, P. H., and Blum, Z. D., in Moynihan, D. P. (ed.), *On Understanding Poverty*, Basic Books, New York, 1968, p. 43.

² See, for example, the papers by Germani, G., Mar, J. M., Pearse, A., in Hauser, P. (ed.) *Urbanization in Latin America*, Unesco, Paris, 1961; or MacEwen, A., 'Stability and Change in a Shanty Town,' *Sociology*, January 1972. Unemployment tends to be highest in the poorest parts of cities, but is clearly related to general economic conditions and not just individual, family or community characteristics.

³ 'In short, distinctive, original values characteristic of a culture of poverty remain to be found. On the contrary, what has struck us particularly has been conformism of the poor and their respect for the values of society as a whole.' Labbens, J., *Reflections on the Concept of a Culture of Poverty*, International Committee on Poverty Research, Bureau de Recherches Sociales, Paris, 1966, p. 4. See also Labbens, J., *La Condition sous-prolétarienne*, Bureau de Recherches Sociales, Paris 1965, pp. 151-71.

⁴ Schorr, A. L., 'The Non-Culture of Poverty', *American Journal of Orthopsychiatry*, vol. 34, No. 5, 1964.

entirely on inter-generational transmission.¹ And an analysis of 1962 data on occupational mobility led one economist to conclude that they only lent weak support to the argument for there being a 'vicious cycle of poverty'.² Much of the evidence presented by Lewis was inconclusive. He emphasized the limited, parochial interests and the lack of class-consciousness of people with a culture of poverty, and yet large parts of the testimony in his books suggest the contrary.³ Again, despite the disorganization said to be characteristic of the sub-culture of poverty, parts of his work testified to the strength and cohesiveness of social relationships in slum areas.⁴

Finally, there is the question of consistency. By definition, a sub-culture consists of a distinctive system of values, beliefs and institutions, positively established and upheld, which is at variance with the culture of the majority in a given society.⁵ The case for the existence of a separate sub-culture has to be demonstrated in order further to claim transmission of that sub-culture, through methods of socialization and social control, from generation to generation. But what Lewis described was largely reaction against the dominant classes or an accommodation with them. Disorganization, instability, inferiority and fatalism are neither approved nor self-perpetuated. The concept of a sub-culture of poverty cannot be applied consistently when its supposed values are not accepted by its members. The statistical *prevalence* of certain conditions or attitudes is a very different matter, for this can have, indeed usually has, external causes. As Lewis described it, the culture of poverty is a contradiction in terms.⁶

This kind of theory tends to have an influential effect on policy and might even be interpreted as arising from the subconscious of a society which feels guilty about its inequalities but does not quite want to forsake them. It might be said to reappear in different and usually more sophisticated forms in successive generations. In the introductions to his books Lewis seems to be resurrecting the Victorian notion of the 'undeserving poor'.⁷ After every allowance is made for resourceful inquiry and

¹ Morgan, J. N., *et al.*, *Income and Welfare in the United States*, McGraw-Hill, New York, 1962, p. 210.

² Gallaway, L. E., 'On the Importance of "Picking One's Parents"', *Quarterly Review of Economics and Business*, VI, No. 2 (Summer, 1966).

³ See, for example, Valentine's discussion of these points, *Culture and Poverty*, pp. 59-63.

⁴ Lewis, O., 'Urbanization without Breakdown: A Case Study', in Heath, D. B., and Adams, R. N. (eds.), *Contemporary Cultures and Societies of Latin America*, Random House, New York, 1965.

⁵ Elizabeth Herzog made, but did not pursue, this point in 1963 in a review of the evidence for Lewis's thesis. See Herzog, E., 'Some Assumptions about the Poor', *Social Service Review*, December 1963, p. 394.

⁶ I am grateful to Roy Wallis for helping me to see the force of this point.

⁷ See Nathan Glazer's disparaging, and undocumented, account of 'the unworthy poor' and Moynihan's account of the weakness of Negro family structure as the 'principal source of most of the aberrant, inadequate or anti-social behaviour that did not establish but now serves to

talented literary reportage, it must be said that he did not discourage the recurrent prejudice that poverty is the fault of individuals and family or community groups rather than of society itself. He may have helped, even if unwittingly, to divert interest in the United States in solutions to poverty away from economic and social reconstruction to individual training and character reform, from costly redistributive policies to low-cost social work and community psychiatry.

Lewis correctly reported many of the stresses and penalties of life for the poor which affect styles of living. But what he did not do was to distinguish clearly between working-class culture and a sub-culture of poverty and relate these to the 'structure' of deviance in society.¹ Neither did he begin to disentangle the effects upon behaviour of a simple lack of resources from other cultural influences.

The Related Concept of a Cycle of Deprivation

The 'sub-culture of poverty' thesis has been reinvented in Britain as a 'cycle of deprivation'. When Secretary of State for Social Services, Sir Keith Joseph drew attention in 1972 to the persistence of deprivation and problems of maladjustment despite improvements in living standards.

Perhaps there is at work here a process, apparent in many situations but imperfectly understood, by which problems reproduce themselves from generation to generation ... The problems of one generation appear to reproduce themselves in the next ... Do we not know only too certainly that among the children of this generation there are some doomed to an uphill struggle against the disadvantages of a deprived family background? Do we not know that many of them will not be able to overcome the disadvantages and will become in their turn the parents of deprived families?²

A new programme of research was to be sponsored by the Department of Health and Social Security, and a discussion paper prepared by a joint working party of the SSRC and the department was circulated.³ The concept attracted critical attention.⁴

perpetuate the cycle of poverty'. Glazer, N., and Moynihan, D. P., *Beyond the Melting Pot*, MIT Press and Harvard University Press, 1963, p. 64; and Moynihan, D. P., *The Negro Family: The Case for National Action*, U S Department of Labor, Washington DC, 1965, p. 30.

¹ Lewis seemed to have been unaware of the literature on the concentration of social pathology at the foot of the socio-economic scale, and criticisms of the belief that problem families reproduce their way of life, generation after generation, either by biological or cultural transmission. See, in particular, Wootton, B., *Social Science and Social Pathology*, Allen & Unwin, London, 1959, pp. 51-80.

² Joseph, Sir K., in the text of a speech given to a conference called by the Pre-School Playgroups Association, 29 June 1972.

³ *Approaches to Research on Transmitted Deprivation*, a discussion paper provided by a Working Party set up by the SSRC and the DHSS for a conference at the London School of Economics on 16 April 1973.

⁴ The concept is reviewed comprehensively by Hawthorn, G., and Carter, H., 'The Concept of Deprivation', a paper commissioned by the joint working party (forthcoming). See also Townsend, P., 'The Cycle of Deprivation - the History of a Confused Thesis', proceedings of the Annual Meeting of the British Association of Social Workers 30 March 1974.

On the one hand, its historical antecedents and the professional and political controversies which they had provoked had not been listed.¹ On the other, the definition of the concept could be shown to presuppose more sharply than some other concepts in the social sciences a traditional (and controversial) political ideology.² Certainly the presentation of the concept reflected the government's intense interest in area deprivation policies (educational priority area, community development and urban aid programmes started in the late 1960s).

The concept of area deprivation (which is discussed more fully in Chapter 15) has a close affiliation to a 'sub-culture of poverty'. The discussion in Britain has tended to echo much of the corresponding discussion in the United States. But the assignation of responsibility for deprivation to the individual and family also has a close affiliation to the sub-culture thesis. And Sir Keith Joseph appeared to place greatest weight here, and hence to return, though in modern form, to a mixture of traditional social control and case-work policies. Theoretically, deprivation is treated as being a residual personal or family phenomenon rather than a large-scale structural phenomenon. It is difficult, as the critics have pointed out, to reconcile this treatment with the allocative outcomes of a market economy as well as its inputs, whether production processes or determination of consumer preferences and lifestyles

Orthodox Economic Theory

Only in recent years has economic theory begun to be applied to the phenomenon of poverty. In classical theory, attention was concentrated on the *aggregate* distribution of profits, rent and wages. Ricardo, for example, described the principal problem of political economy as the division of the earth's produce 'among three classes of the community, namely, the proprietor of the land, the owner of the stock or capital necessary for its cultivation, and the labourers by whose industry it is cultivate'.³ Comparatively little attention was devoted to the explanation of the distribution of *personal incomes* and the relationship between personal incomes and aggregate shares of profits, rents and wages. Lately, increasing attention has been paid to inequality in the distribution of *earnings before tax*. So the first matter of importance for us to note is that economists have chosen to give preference to factors affecting individual earnings rather than family incomes in explaining

¹ Discussed notably in Wootton, *Social Science and Social Pathology*. Sources of particular significance are the Report of the Committee on Mental Deficiency (The Wood Committee), Board of Education and Board of Control, HMSO, London, 1929; Lidbetter, E. J., *Heredity and the Social Problem Group*, Arnold, London, 1933.

² Hawthorn and Carter, 'The Concept of Deprivation', esp. pp. 13-18.

³ Ricardo, D., *The Principles of Taxation and Political Economy*, Dent, London, 1821.

inequality.¹ A lot of early work concentrated on whether or not the distribution takes a generalizable form and whether this form is normal or skew. Three main conceptions of the form were developed - the Pareto, the normal and the lognormal. Pareto believed that the inequality in distribution of incomes for different countries and historical periods was remarkably similar. Thus he observed

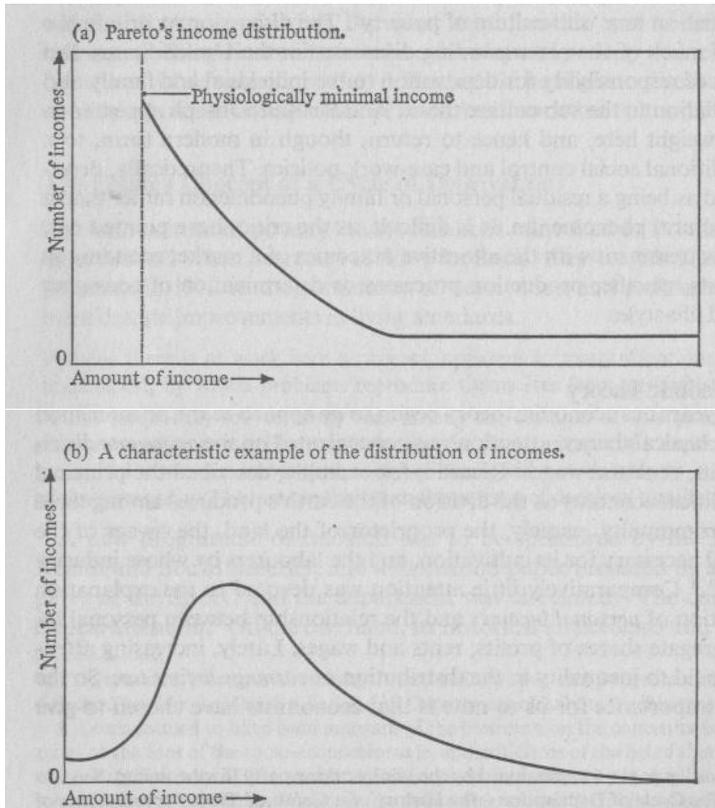


Figure 2.1. *The Paretian conception of income distribution.*

¹ Though some have gone on to show that distributions of family incomes are also affected substantially by extra earners, less than a full year's work, and other factors. For example, Morgan, J. N., 'The Anatomy of Income Distribution', *Review of Economics and Statistics*, XLIV, August 1962.

a correspondence in the patterns of income distribution for different countries which seemed to approximate to a particular law, providing it was assumed that income could not fall below a particular level represented by a physiological minimum. Pareto's Law is illustrated in Figure 2.1.¹

The second conception of a 'normal' distribution of income is based on conceptions of the 'normal' distribution of ability, such as intelligence. Some economists have sought to reconcile the conflict between this conception and the evidence about the distribution of incomes by arguing that it none the less applies to certain occupational groups, particularly when adjustments are made to exclude part-time and seasonal employees and allow for overtime payments,² or that its application is modified by the distribution of inherited wealth, which would tend to confer advantages in education and career.³

When neither the Pareto nor the normal distribution corresponded well with the evidence, economists turned to the lognormal distribution. This produces a better fit, except at the top and the bottom of the distribution, and has led to a number of theories based on the idea that income is the product of a large number of independent random variables.⁴ These are stochastic process and simultaneous multiplicative theories. Stochastic process theories account for the distribution in terms of the systematic operation under certain conditions of the laws of chance, as, for example, following a Markov chain process. They can, of course, be put forward to explain any distribution, such as a Pareto-type distribution and not just the lognormal distribution. Thus Champernowne succeeded in explaining the Pareto Law in terms of the effects over a long period of time of certain rules operating at different income ranges. He assumed that incomes were 'eternal' in the sense that new cohorts take them over as old ones die. He sought to show that the indefinite repetition of a particular matrix of transition probabilities could generate something approximating to the Pareto distribution.⁵ Others have endeavoured to substitute more realistic models, taking account both of the widening variance of income in successive cohorts and of the constancy of variance of income of the whole

¹ Pareto's Law has been found to apply reasonably successfully only to the upper tail of the distribution, or usually the upper 20 per cent of incomes. It also applies better to total income of households or income units than to individual components of income.

² See, for example, Staehle, H., 'Ability, Wages and Income', *Review of Economic Statistics*, 1943; Lebergott, S., 'The Shape of the Income Distribution', *American Economic Review*, 1959; Miller, H. P., *Income of the American People*, Wiley, New York, 1955. One of the problems is that survey data tend to underestimate skewed distributions.

³ Pigou, A. C., *The Economics of Welfare* (4th edn), Macmillan, London, 1932, pp. 650-54.

⁴ An early pioneer was Gibrat, R., *Les Inégalités économiques*, Librairie du Recueil Sirey, Paris, 1931. For more recent illustrations, see Aitchison, J., and Brown, J. A. C., *The Lognormal Distribution*, Cambridge University Press, 1957; Roy, A. D., 'The Distribution of Earnings and of Individual Output', and 'A Further Statistical Note on the Distribution of Individual Output', *Economic Journal*, vol. 60, 1950, and Roy, A. D., 'Some Thoughts on the Distribution of Earnings', *Oxford Economic Papers*, vol. 3, 1951.

⁵ Champernowne, D. G., 'A Model of Income Distribution', *Economic Journal*, vol. 63, 1953.

population.¹ But, as Professor Lydall argues, the empirical basis for stochastic process theories is inadequate and too little reliance is placed on the underlying socio-economic factors known to influence the distributions.²

Instead of operating multiplicatively over long periods, it is, of course, possible for a large number of different factors to apply at any single time. Theories built on this idea have been called 'simultaneous multiplicative' theories. Roy, for example, feels that it would be reasonable to start with the assumption of the normal distribution of ability, but argues that there is, in fact, no single ability but several, like speed, accuracy, health and endurance, which combine multiplicatively and not additively to determine output per hour, and hence help to explain a skewed distribution of income.³ Such theories stress the importance of individual attributes and pay little heed to the possibility of either social allocation to roles or the social definition of roles and the conditions attached to those roles.

Although there are significant variations among theorists, the core of orthodox economic theory, as it seems to have been applied to income distribution and poverty, might be said to consist of the following ingredients. The assumptions of perfect competition and market equilibrium are believed to be sufficiently borne out by the market processes of advanced capitalist economies to demonstrate a strong relationship between wages and marginal productivity. As Thurow explained, 'If an individual's income is too low, his productivity is too low. His income can be increased only if his productivity can be raised.'⁴ This approach provided the initial theoretical justification for the subsequent examination of productivity components, like education, skill or ability and experience, in explaining variations in wages. It also fitted into conventional theories of demand and supply by permitting a fairly sophisticated elaboration of the productivity characteristics of the labour that was supplied. As a result, human capital theory evolved. Gordon summed it up in this way: 'Employers demand what workers supply - stocks of "human capital" embodied in individuals.'⁵ The demand side of the equation was less satisfactorily elaborated, with a tendency for the units of capacity that measure demand - whether scale of operations, sensitivity to market fluctuations or even the characteristics of jobs and industries - being defined in terms of skill mixes or as exogenous variables. The values underlying the approach, whereby explanations are sought which transcend institutional and historical variations within or among societies, and therefore favour simplicity and the quantitative treatment of variables, take institutional structures as constants, and therefore shift attention to *individual* choices in relation to education, training and mobility.

¹ For example, Rutherford, R. S. G., 'Income Distributions: A New Model', *Econometrica*, vol. 23, 1955.

² Lydall, H., *The Structure of Earnings*, Oxford University Press, 1968, pp. 21,25 and 43.

³ Roy, arts. cit. (1950).

⁴ Thurow, L. C., *Poverty and Discrimination*, Brookings Institution, Washington DC, 1969 p.26.

⁵ Gordon, D. M., *Theories of Poverty and Underemployment*, Lexington Books, Lexington, Mass., 1972, p.31.

In practice, most economists present variations of the orthodox approach. One important example will be discussed at length. Professor Lydall carefully reviews previous work in his book *The Structure of Earnings*. He makes ingenious use of available data and puts forward a theory, which he plainly regards as incorporating the best features of previous theories. In doing so he makes an important qualification. The data on income for different countries which can be processed are incomes before taxes and benefits. 'This is an unfortunate practical necessity and it is difficult to see at present any way of getting round this problem satisfactorily.'¹ But it helps to explain his and other economists' preoccupation with certain variables rather than others. Lydall suggests that there are three patterns of variation in earnings which are related to ability: (a) variation in mean earning levels of occupations; (b) variation in initial abilities of individuals within occupations; and (c) variation of individual abilities with age within occupations. The stochastic combination of these three sources of variation, he says, is sufficient to explain the distribution of earnings - except for the upper levels, which depend not so much on the supply of abilities as the requirements of organizations for men to 'take responsible managerial positions'.² He accepts a largely genetic basis for intelligence, but also the influence upon a 'normal' distribution of home and school in preparing young people for occupational choice.

Since school achievement is dependent both on intelligence and on home environment (not to mention the quality of school education itself), and since home environment is largely a reflection of socio-economic class, which in most countries is highly skew, we have every reason to expect that 'educated ability' at the end of elementary education will be skew. This skewness will be further accentuated if intelligence itself, as we have suggested above, is slightly skew, and also, since intelligence and environment are correlated, if - as seems quite possible - intelligence and environment interact multiplicatively.³

In short, Lydall argues that, with the exception of the organizational factor which controls the level of high incomes, the general abilities of men in the labour force determine the distribution of incomes. These abilities are created by genetic, environmental and educational factors.

The major problem about this theory is that different factors are invoked to explain different aspects of income distribution and a consistently interrelated set of concepts is not presented. The concepts of 'managerial responsibility' and 'hierarchic organization' are believed to explain high incomes, but it could be asked why these should apply only to high incomes, at what point they cease to apply and whether there is any evidence that they apply to lower incomes? The implications for the theory of the differences between women's and men's earnings do not appear

¹ Lydall, *The Structure of Earnings*, p. 61.

² *ibid.*, p.71.

³ *ibid.*, pp. 84-5.

to be appreciated. Lydall points out that 'in the developed countries the median earnings of women seem to be mostly between a half and two-thirds of the earnings of men'. He even asks 'whether this ratio is an accurate reflection of the difference of average effective abilities of men and women, or whether it is partly institutionally or sociologically determined'.¹ Rather crucially in respect of the main theory, he admits there are little or no genetic differences between the sexes in intelligence and that in the 'richest countries the average educational attainment of women is not far short of that of men'. Differentials seem to depend, he concludes, on 'social prejudice'. But if scientific investigation is to be consistent, then factors would have to be found to explain the distribution *both* of men's *and* of women's earnings. If 'social prejudice' determines women's earnings, why should not such prejudice, and therefore not only achieved ability, be explored in relation to men's earnings? The failure to explain differences in earnings between the sexes is a major deficiency of the orthodox approach,² and Lydall does at least recognize the need to invoke new variables. The same criticism could be made of his treatment of differences in earnings between blacks and whites. Productivity components like education and age could only 'explain' half the differentials between blacks and whites. The presentation of ability would seem, on the face of it, to be of rather less importance than social control or the scope and types of the role system and of the rules by which resources are allocated to each role. This leads us to look to stratification and organization theories for a more comprehensive explanation of the role system.

Like other economists of the broadly orthodox school, Lydall attempts to explain the distribution of income in different countries in terms of individual characteristics, and changes in such individual characteristics, instead of putting as much emphasis, or more emphasis, on social institutions, and changes in such institutions. Sometimes he even seems to suggest that changes in the earnings structure are generated by changes in individual aspirations alone. For example, in explaining the fall in dispersion of income in the United States in the 1940s, after three decades of comparative stability, he makes much of a fall in the percentage of farm workers and foreign-born workers in the labour force, combined with a fall in inequality of years of education, though even if one accepts the statistics at their face value, they suggest a gradual change over several decades that might have been expected on Lydall's own assumptions to have been reflected much sooner in the distribution of earnings. He then describes the mobilization of manpower into the armed forces and war industry. But instead of seeing this as taking the form of a dramatic reorganization of manpower into new systems of industrial organization,

¹ Lydall, *The Structure of Earnings*, p. 242.

² As argued, for example, by Gordon, *Theories of Poverty and Underemployment*, pp. 38-9. Another economist found that income differentials between men and women could not be explained by controlling for variables which economists typically relate to income and productivity. See Fuchs, V. F., 'Differentials in Hourly Wages between Men and Women', *Monthly Labor Review*, May 1971.

with an expansion in the scope of employment, the incursion of Keynesian economics into economic and industrial planning, revitalization of unions and the higher expectations of the government on the part of the public, all of which might have had repercussions on earnings levels, he can write, 'In many cases it gave ill-educated workers, both from farms and urban areas, an opportunity to obtain a basic training and to overcome their earlier disabilities, so that when their time for demobilization arrived, they were ready to take better jobs than they could have hoped for before the war.' Quoting a study of Ginzberg,¹ he concluded, 'Many of the unskilled men had had opportunities of vocational training previously denied to them, as well as completely new experiences which had shaken them out of old habits. Thus, since the decade of the 1940s the United States has become a much more homogeneous society than it was at any time in the previous 150 years.'²

The implications which Lydall draws for policy from this type of theory reveal some of the weaknesses of this approach. He believes that although in the end incomes cannot be equal because there are genetic differences in ability nonetheless much can be done by spending more on the education of the poor to improve their achieved ability, and hence their earning power. But he also admits the need of developing countries for the special skills of people who have received a secondary education and of industrial countries for university graduates. These are policies of course which tend to cancel each other out, at least so far as the effects upon income distribution are concerned. They are extremely limited and unspecific policies and reflect a basic contradiction which seems to exist in economic theory between market and welfare assumptions.

Dual Labour Market and Radical Theories

A large number of economists have now begun to adopt approaches which depart from orthodox assumptions. Some of them direct attention to the nature of the demand for labour and to forces other than individual characteristics which determine wage levels. Others direct attention to 'aspects of the labour market such as trade unions, employers' monopoly power and government intervention, which mean that there is no longer perfect competition'.³ Studies of local conditions have favoured adoption of a concept of a segmented labour market. Evidence had accumulated in favour of there being an internal labour market within an established firm or plant, which appeared in many respects to be insulated from the outside labour market. This observation had further led to the conception of a dual labour

¹ Ginzberg, E., 'The Occupational Adjustment of 1000 Selectees', *American Sociological Review*, 1943.

² Lydall, *The Structure of Earnings*, pp. 220-25.

³ As reviewed by Atkinson, A. B., *The Economics of Inequality*, Clarendon Press, Oxford, 1975, Chapter 6.

market. On the one hand, attention was called to a 'primary' sector in which employment was stable, where pay was good and where there were strong unions. On the other, attention was called to a 'secondary' sector in which employment was unstable, where pay tended to be low, prospects of promotion poor and unions of small importance. In explaining poverty, then, emphasis was placed as much on the disadvantageous characteristics of the secondary labour market as upon the characteristics of the individuals holding such jobs. Dual labour market theory has been strongly represented in recent years in both the United States¹ and Britain.² It is discussed at greater length in Chapter 18. For the purposes of this chapter, however, the connections made in the presentation of the theory between pay and both income and social structure are insufficiently examined. In particular, the concept of the dual labour market is not properly related to the history of segmentation and to the long-standing occupational class division of the labour market.

It might therefore be argued, especially since some exponents of a dual labour market seem to concede further segmentation, that this theory is only a tentative step towards what has been termed 'radical' economic theory. This draws heavily on the Marxist tradition, 'but it has moulded and recast classical Marxism in response to modern social and historical developments'.³ According to such theory, the market price of a product affects the value of an individual's marginal product, just as it does according to orthodox theory. Supply and demand, reinforced by competition, affect an individual's productivity. But the radical theory 'also postulates that the class division in society and the relative distribution among classes will affect the distribution of individual income as well. An individual's class will, ultimately, affect *both* his productivity, through the allocation of social resources to investment in the workers of his class and through the differential access of different classes to different kinds of complementary capital, *and* his relative share of final product.⁴ Employers are believed to have found it in their interest to forge a highly stratified labour market, with a major separation of non-manual and manual strata and several objectively defined economic classes within each stratum. The employer defines separate job clusters with their own qualifications, methods of recruitment, work conditions and remuneration. A 'common consciousness about the disadvantages of

¹ A good summary of US sources will be found in Gordon, *Theories of Poverty and Underemployment*, esp. Chapter 4. See also Doeringer, P. B., and Piore, M. J., *Internal Labor Markets and Manpower Analysis*, Heath Lexington Books, Lexington, Mass., 1971; Ferman, L. A., *et al.* (eds.), *Jobs and Negroes*, University of Michigan Press, 1968; Bluestone, B., 'The Tripartite Economy: Labor Markets and the Working Poor', *Poverty and Human Resources Abstracts*, July-August 1970 (the three sectors could be collapsed into the primary and secondary sectors).

² For example, Bosanquet, N., and Doeringer, P., 'Is there a Dual Labour Market in Britain?', *Economic Journal*, 1973.

³ Gordon, *Theories of Poverty and Underemployment*, p. 53.

⁴ *ibid.*, p. 65.

jobs' is thereby discouraged.¹ Concessions can be made to some groups of workers, not just at the expense of other groups of workers, but also without surrendering the relative advantages of ownership or management. Since this process is dynamic, in respect of industrial competitors, the formation of social classes, and regulative government, some employers adapt to, rather than create, an occupational class hierarchy. The development of monopoly capitalism² and of multinational giant corporations, with turnover much higher than the Gross National Product, of, say, a small European country like Belgium or Switzerland, widens as well as further institutionalizes social inequality. In this way it is argued that the phenomena of urban poverty and underemployment can be explained.

Some economists think that the radical theorists' criticisms of the orthodox approach are more effective than their expositions of alternatives. Their 'challenge ... does not begin to offer a theory of the labour market that can replace neoclassical theory'.³ The problem is that there is disagreement on the criteria of what makes for good theory. Those who assume a competitive and perfectly functioning labour market preclude serious discussion of such factors as trade unions, employers' monopoly power and state intervention. None the less, so-called radical theory remains to be developed. There are those who have argued that nonparticipants in the labour force, including old people and the handicapped, are in poverty as a result of their past labour force status.⁴ But little attempt has been made to analyse the low income status of minorities not in the labour force, to widen the discussion of inequality of distribution from earnings to other resources (including social security benefits as well as assets and fringe benefits),⁵ further to widen the discussion of income recipients from individuals to income units and households, and, finally, to analyse the contemporary class structure in any depth. This book attempts to make some contribution to these questions.

¹ Gordon, *Theories of Poverty and Unemployment*, p. 74.

² Baran, P., and Sweezy, P., *Monopoly Capital*, Monthly Review Press, New York, 1966.

³ Cain, G. G., 'The Challenge of Dual and Radical Theories of the Labor Market to Orthodox Theory', *Proceedings of the American Economic Association*, May 1975.

⁴ A good summary of the radical approach is Wachtel, H. M., 'Looking at Poverty from a Radical Perspective', *Review of Radical Political Economics*, Summer 1971 (reprinted also in Roby, P. (ed.), *The Poverty Establishment*, Prentice-Hall, Englewood Cliffs, NJ, 1974).

⁵ There have been some 'radical' studies, however, in both Britain and America which have called attention to social security as a major component in income distribution, and have therefore shifted discussion away in part from market determinants of earnings. See, for example, George, V., *Social Security and Society*, Routledge & Kegan Paul, London, 1973, esp. Chapter 2; Kincaid, J. C., *Poverty and Equality in Britain*, Penguin Books, Harmondsworth, 1973; Coates, K., and Silburn, R., *Poverty: the Forgotten Englishmen*, Penguin Books, Harmondsworth, 1970. For the United States, see Schorr, A. L., (ed.), *Jubilee for our Times: A Practical Program for Income Equality*, Columbia University Press, 1977.

Sociological Approaches to Inequality

Despite their emphasis upon history, the work of radical economic theorists might therefore benefit from being more broadly based. Acting presumably on the unexamined assumption that the problem of explaining inequalities in the distribution of cash incomes and assets, which have to be expressed in terms of money, is the preserve of economic theory, sociologists have tended to concentrate on inequalities in occupational status and, less emphatically, power. This is doubly unfortunate, because theoretical and empirical work has not only been diverted from filling in Marx's first rough sketches of the fundamental concept of economic class, but has remained unduly generalized and ambiguous. The literature on stratification is voluminous, but also remarkably unspecific. As 'background' theories, the theories of Marx and Weber, for example, are of continuing value, but they do not, as it were, do more than set the scene for explanations of degrees of inequality within a society or of differences *between* societies in patterns of inequality.

Marx explained the evolution of social inequality and of classes through the control and use of the means of production. Society was increasingly polarized into two contending classes, each with its supporting groups. On the one hand was the class of capitalists, consisting of industrialists, merchants and bankers, with supporting groups of shareholders, salaried, managerial, technical and supervisory staff with positions of authority in industrial enterprise, and smaller groups with associated interests, such as owners of small-scale businesses and concerns (which Marx assumed would be of diminishing importance) and the surviving elements of the older aristocratic landholders. On the other was the class of productive workers who were dependent on their wages, together with the rather different supporting groups of non-productive black-coated workers and rural wage-labourers. Between these two major classes, and tending to hang on to the coat-tails of the capitalist class, were the petty bourgeoisie, people engaged in small-scale enterprises of their own, such as traders, artisans, farmers and smallholders. Although Marx recognized the existence of boundary groups and intermediate groups, he assumed that as time went on they would disappear or diminish in size. Through a series of evolutionary stages in the relationship between the productive and distributive systems private ownership would finally be eliminated. A crucial feature of Marx's approach is that inequality is neither fixed nor necessary.

Much of the criticism of Marx has centred on his failure to predict either the proliferation of different types of intermediate groups or the diminution of the central core of the proletariat, and his emphasis on the divisive character of production rather than the more graduated character of consumption. He was not concerned to explain degrees of income differentials within or even between classes. In this he resembled the classical economists. Adam Smith, Ricardo and Malthus discussed the problem of distribution in terms of the division of the total national product between wages, rent and profit - or the aggregate shares of the factors of

production. This generalized approach to wages and incomes theory has predominated in economics up to the present day. For example, Professor Hicks developed a theory of wages which, while making passing reference to the variation in abilities of labourers, was based on the assumption that labour was a homogeneous factor with a single price.¹ Or again, a text-book collection of *Readings in the Theory of Income Distribution* could be published with only one among thirty-one papers being concerned with personal income distribution, and even this was a graphical analysis.² Barbara Wootton finally called attention to the gross inadequacies of the classical ‘cerebral’ tradition and affirmed ‘the growing importance in contemporary wage and salary settlements of conventional and social as contrasted with purely economic forces’. She instanced the Report of the Pilkington Commission on Doctors’ and Dentists’ Remuneration, which recommended big increases in pay despite lack of any evidence of the need for an increase in manpower, as ‘the final death blow to old-fashioned theories of supply and demand’.³ Her concern was with the historical development of institutional machinery for settling rates of wages and salaries, such as the machinery of collective bargaining, statutory regulation and quasi-judicial settlement by arbitration tribunals and the more diffuse operation of pressures and prejudices through professional associations, the staff associations of public services and the wider agencies of public and political opinion. She recognized that wages represented but one, although perhaps the major, factor in distribution and noted the importance of dependency, fluctuating overtime and piece-work earnings, taxation and the social services in modifying the pattern.⁴ Her analysis points towards the construction of a theory built on a multiple concept of resources and the measurement and mode of operation of each resource-system.

In some respects the need for a development of this kind of theory could be represented as the need to adapt and elaborate Marx’s approach. There is a major division between manual and non-manual categories in the population, which is clear when proper account is taken of industrial fringe welfare benefits, and of some

¹ Hicks, J. R., *The Theory of Wages*, Macmillan, London, 1935. Professor Lydall points out that, ‘Much of the discussion of the problem of distribution is still carried on in these terms, despite the fact that it is well-known that many landowners are poor, many employees earn more than some capitalists, many property-owners work and many workers own property . Modern “neo-classical” model-builders generally do not even bother to mention that labour is a heterogeneous factor, let alone consider the implications of this fact’ - Lydall, *The Structure of Earnings*, p. 2.

² See the paper by Bowman, M. J., in Fellner, W., and Haley, B. F. (eds.), *Readings in the Theory of Income Distribution*, Allen & Unwin, London, 1950.

³ See her introduction to the second edition of *The Social Foundations of Wage Policy*, Allen & Unwin, London, 1962, pp. 3-4. A later book maintained the argument: Wootton, B., *Incomes Policy: An Inquest and a Proposal*, Davis-Poynter, London, 1974.

⁴ Wootton, *The Social Foundations of Wage Policy*, esp. Chapter VI.

of the consequences of the interplay between tax policies (particularly affecting capital gains and relief for mortgage interest) and asset ownership. The unequal distribution of resources confers power to control the further allocation of resources and hence is a source of tension and conflict. But its nature and extent within as well as between classes has not yet been made sufficiently apparent.

This failure to develop an 'economic class' type of analysis is due partly to the influence of Weber's ideas, but also to the influence of functionalism. Each needs to be considered briefly. The neo-Weberian analysis of inequality in terms of three rather distinct concepts of economic class, status and party,¹ and the multi-dimensional approach to stratification² (which suggests there are different sources; of inequality in modern society such as occupation, ethnic status, education, income and religion) can be criticized as being misreadings of the essentially dominant part played by economic class, or command over resources, in the sense being developed here.³ Thus, the dimensions of status and power are conceptually distinct from economic class or power, but diffuse. I mean that it is difficult to give them agreed meanings, or meanings that can be easily operationalized. As a consequence, knowledge is clouded because causal factors cannot be traced. Put another way, responsibility is subtly dispersed. Inequality is supposed to arise not just from the particular mechanisms and principles by which those resources have been and are being allocated and maintained, but also from the general consensus about social prestige and from the general distribution of institutionalized political power. If explanation is pushed in these directions (without Marx's insights about economic influences upon value formation), we are encouraged to conclude that such inequality is 'democratic' or generally supported. We are also encouraged to conclude that inequality is necessary, because while it is not difficult to conceive of a society in which material resources are equally distributed, it is more difficult to conceive of one where there are no differences of prestige or authority.

¹ See the cogent and useful chapter on 'The Three Dimensions of Social Inequality' in Runciman, W. G., *Relative Deprivation and Social Justice*, Routledge & Kegan Paul, London, 1966. See also, Parkin, F., *Class, Inequality and Political Order*, MacGibbon & Kee, London, 1971, Chapter 1.

² See, for example, Doreian, P., and Stockman, N., 'A Critique of the Multidimensional Approach to Stratification', *Sociological Review*, 17, 1969; Townsend, P., 'Measures and Explanations of Poverty in High Income and Low Income Countries: The Problems of Operationalizing the Concepts of Development, Class and Poverty', in *The Concept of Poverty*, Heinemann, London, 1970, pp. 20-28.

³ In an interesting discussion of the relationship between poverty and stratification, Miller and Roby call attention both to the different dimensions of inequality and to the value of conceiving of income as command of resources over time. Miller, S. M., and Roby, P., 'Poverty: Changing Social Stratification', in Townsend (ed.), *The Concept of Poverty*. See also Miller, S. M., Roby, P., *The Future of Inequality*, Basic Books, New York, 1970.

This does not mean that the concept of status is not a useful adjunct to any theory of inequality, and that 'multi-dimensional' features of stratification are not bound in some measure to play a part in theory. The distinction between class and status is of value in analysing certain social systems, particularly of traditional societies; and in tracing discrepancies even in industrial societies between class and status positions and in distinguishing objective inequalities from those supposed to exist subjectively or collectively. In particular, the low status conferred by a majority on a minority group such as a racial group, may not accord with economic class or power. But when all this is fully acknowledged, it is possible to argue that the independence of status from economic class has been exaggerated. The hierarchies of material resources and status are closely correlated, particularly when overall command over resources rather than income level alone is examined. Individuals and individual groups may, of course, vary in their rankings of the population according to prestige, but the 'collective' judgement of ranking will correspond fairly closely with relative command over resources and tends to derive from it. Indeed, inconsistencies between the two may arise from the fact that the command over resources is not always conspicuously symbolized in style of living and people's experience of those richer or poorer than themselves may be limited.

Functionalist Explanations of Inequality and Poverty

The 'functionalist' approach in sociology to the problems of inequality and poverty corresponds in ideology and in some general assumptions with the approach of 'orthodox' economic theoreticians. It also reflects the assumptions introduced into political debate by elites about worth and desert. The functionalist explanation of inequality is based on differences hypothesized in the functional importance of different occupations. This theory was developed by Talcott Parsons, Kingsley Davis and W. E. Moore between 1940 and 1945,¹ and later by other sociologists such as B. Barber and M. J. Levy. It has much in common with the attribution of inequality by economists to the distribution of individual ability. The theory starts by pointing out that in all societies there are different social positions or statuses. They vary in pleasantness and difficulty and 'functional importance' for society. In order to guarantee that all positions are filled, certain rewards have to be associated with them. Hence inequality is necessary so that the positions are filled. The central point of the theory concerns motivation. Greater material rewards and higher prestige are believed to be necessary to induce people to strive to occupy certain

¹ The best-known paper is Davis, K., and Moore, W. E., 'Some Principles of Stratification', *American Sociological Review*, April 1945. For an exchange of views on early formulations, see also the *American Sociological Review* for 1958 (Buckley and Tumin) and 1963 (Tumin and Moore); and Wesolowski, W., 'Some Notes on the Functional Theory of Stratification', in Bendix, R., and Lipset, S. M., *Class, Status and Power* (2nd edn), Free Press, New York, 1966.

positions. But as Wesolowski and others have pointed out, motivation depends on the cultural environment and the desire for material rewards is not so uniform in some societies as it appears to be in contemporary middle-class American society.¹ Some writers have shown that there are communities, as in Israel, where it is possible to fill positions adequately without having unequal rewards.² The theory does not reach the point of offering an explanation in even generalized form of differences in systems of stratification, and certainly not of amounts of reward in relation to the numbers of people occupying certain roles. And how is functional importance to be determined independently of rewards associated with a particular position? To suggest that managers are better paid than skilled manual workers because, say, they contribute more to the productive system, is not easy to settle in argument and tends to reflect value-assumptions and not consciously chosen criteria which can be measured. Moreover, even if there are differences in functional importance, how do we account for differences in degree of reward? Managers may be paid more, in part, because they are given more power than workers to make decisions on behalf of the workforce, and it may be possible to measure some differences between good and bad management. But the fact that they *are* given more power than workers does not mean that they *have* to be given more power for production to be maximized. An alternative role system might be more efficient. Functionalist theory is difficult to put into operational terms for purposes of testing. Like its economic counterpart, collective bargaining, political action and the command over resources of interest groups and classes are neglected. Inequalities in the distribution of wealth and the effects upon the distribution of incomes of the growth of fiscal policies, industrial welfare policies and social security policies are not examined. As Cutright points out, redistribution plays no part in the Davis-Moore theory of stratification or in the counter-arguments of their critics.³

The appeal of the functionalist approach, but also of neo-Weberian and other approaches which set considerable store by inequalities of status, rests partly on sociological and political convenience: it closely matches meritocratic 'equality of opportunity' ideology. Whereas populations can easily be persuaded to join in the game of ranking occupations according to their prestige or status, inequalities of income and of material resources generally are difficult to document. There are some people in any population who seem to object to being asked questions about such matters. This is, of course, an important fact about culture and power. The suppression of information, or, more commonly, the unconscious dissemination of over-generalized, ambiguous or highly selective information about inequalities of

¹ Wesolowski, 'Some Notes on the Functional Theory of Stratification'.

² For example, Schwartz, R. D., 'Functional Alternatives to Inequality', *American Sociological Review*, April 1955.

³ Cutright, P., 'Income Distribution: A Cross-National Analysis', *Social Forces*, December 1967, p. 180.

reward is one of the methods by which social elites control the potentially disruptive effects of inequality. For these and similar reasons, sociological studies tend to be preoccupied with occupational ranking and movement between ranks instead of the actual distribution and accumulation of resources and, indeed, the connections between the two.

The Functions of Poverty

One application of the functionalist approach to the phenomenon of poverty allows us to draw general lessons. Gans has reflected at some length on the functions of poverty, taking up Merton's point that items which are functional for some sub-groups in society may be dysfunctional for others.¹ Society, he argues, is so preoccupied outwardly with the 'costs' of poverty that it fails to identify the corresponding benefits, or rather, the groups or values who benefit. He describes fifteen sets of functions, as follows:

1. Poverty helps to ensure that dirty, dangerous, menial and undignified work gets done.
2. The poor subsidize the affluent by saving them money (for example, domestic servants, medical guinea pigs, and the poor paying regressive taxes).
3. Poverty creates jobs in a number of professions (e.g. drug pedlars, prostitutes, pawnshops, army, police).
4. The poor buy shoddy, stale and damaged goods (e.g. day-old bread, vegetables, second-hand clothes) which prolongs their economic usefulness, and similarly use poorly trained and incompetent professional people, such as doctors and teachers.
5. The poor help to uphold the legitimacy of dominant norms by providing examples of deviance (e.g. the lazy, spendthrift, dishonest, promiscuous).
6. The poor help to provide emotional satisfaction, evoking compassion, pity and charity, so that the affluent may feel righteous.
7. The poor offer affluent people vicarious participation in sexual, alcoholic and narcotic behaviour.
8. Poverty helps to guarantee the status of the non-poor.
9. The poor assist in the upward mobility of the non-poor. (By being denied educational opportunities or being stereotyped as stupid or unteachable, the poor enable others to obtain the better jobs.)
10. The poor add to the social viability of non-economic groups (e.g. fund-raising, running settlements, other philanthropic activities).
11. The poor perform cultural functions, like providing labour for Egyptian pyramids, Greek temples and medieval churches.
12. The poor provide 'low' culture which is often adopted by the more affluent (e.g. jazz, blues, spirituals, country music).
13. The poor serve as symbolic constituencies and opponents for several political groups (being seen either as the depressed or as 'welfare chiselers').

¹ Gans, H., 'The Positive Functions of Poverty', *American Journal of Sociology*, 78, No. 2, 1972-3.

14. The poor can absorb economic and political costs of change and growth in American society (e.g. reconstruction of city centres, industrialization).
15. The poor play a relatively small part in the political process and indirectly allow the interests of others to become dominant and distort the system.

Gans denies that he is showing why poverty should persist, only that it 'survives in part because it is useful to a number of groups in society ... whether the dysfunctions outweigh the functions is a question that clearly deserves study'. He points out that alternatives can be found easily enough for some functions. Thus, automation can begin to remove the need for dirty work, and professional efforts can be directed, like those of social workers, to the more affluent, and those of the police to traffic problems and organized crime. But he argues that the status, mobility and political functions are more difficult to substitute in a hierarchical society, and though inequality of status might be reduced, it could not be removed. 'A functional analysis must conclude that poverty persists not only because it satisfies a number of functions but also because many of the functional alternatives to poverty would be quite dysfunctional for the more affluent members of society.' Gans believes that, unlike the Davis and Moore analysis of inequality, his argument is not conservative. By identifying the dysfunctions of poverty and discussing functional alternatives, the argument takes on 'a liberal and reform cast, because the alternatives often provide ameliorative policies that do not require any drastic change in the existing social order'.

Gans passes in a few lines over the dysfunctions of poverty and does not suggest how the functional might be distinguished from the dysfunctional. There are items which, for any single group, might be both functional and dysfunctional, though possibly to different degrees. There are problems in measuring the scope or degree of functions and dysfunctions. It is surely important to find whether poverty is functional or dysfunctional for 500 persons or 5 million persons, and whether it is seriously or only marginally functional or dysfunctional for these numbers. What is required, too, is the kind of analysis showing whether poverty applies, say, to 20 per cent of the population in one society and to 10 per cent in another, and whether and how functional analysis can explain these differences, and, moreover, whether it can explain any differences in prevalence over time. To give a list of obstacles to the removal of poverty makes a very small contribution to our understanding of the existence and conditions for removal of the phenomenon. Again, there is the problem of distinguishing between objective and subjective aspects of the phenomenon. In everyday life, people do not discuss, and are sometimes not even aware of, certain privations, as well as certain benefits. Yet they vigorously discuss, and are acutely aware of, other privations, as well as other benefits. The sociologist's job is to find and apply criteria of discrimination to these different items.

Certainly, a shopping list of functions shows that there are groups in society with a vested interest in perpetuating poverty, but the interrelationships between groups

and the sources and conditions of their power might be explored with the effect of implying constructive alternatives and hence showing how specious are the claims to inevitability on the part of apologists for the existing social system. The overall effect of the approach is to convey that poverty cannot be removed but only diminished or modified.¹ It is therefore as ideological as was the statement by Davis and Moore in 1945. It would seem that functional analysis so far offers no more than preliminary descriptive classification of different groups who may, to an undefined extent, benefit from as well as suffer from poverty in society.

Conclusion

This review of theories of poverty, and of some theories of inequality which are relevant to an explanation of poverty, has made it necessary to express criticisms which imply an alternative standpoint. This might be called a 'class structuration' theory. While agreeing with certain views expressed by 'radical' economic theorists, reflecting the nineteenth-century theories of Marx, especially in relation to income from property and the importance of social classes, these views need to be clarified and spelt out in some detail, but also modified. These theorists are right to call attention to the divisions among workers in the labour market, but seem to be giving excessive weight to past labour-force status in explaining poverty, for example, among elderly and sick or disabled people.² Other resource systems than the wage system, and other institutions than the labour market, including the political and welfare institutions of the state, have to be brought into a general theory - even if they prove, to be of lesser importance or to be indirect appendages of the labour market.

At least five priorities in the further development of theory must be identified:

1. The division of resources and not only income in society.
2. The methods, principles and systems by which these resources are produced and distributed.
3. The styles of living with which the differential ownership in the population of these resources correspond (and hence the forms of deprivation which lack or denial of such resources denote).

¹ In his final paragraph, Gans admits that, though his analysis is more complete than early functionalism, it needs to be made more complete by an examination of functional alternatives. A conclusion would then be reached which would not be very different from that of radical sociologists 'that phenomena like poverty can be eliminated only when they either become sufficiently dysfunctional for the affluent or when the poor can obtain enough power to change the system of social stratification'. However, functional alternatives are not examined. Gans does not analyse the system of stratification, trace its origins and means of maintenance, or specify the conditions for changing it. Nor does he say how we would recognize what could be 'sufficiently dysfunctional for the affluent'. See Gans, 'The Positive Functions of Poverty', p. 288.

² For example, Wachtel, 'Looking at Poverty from a Radical Perspective', pp. 182-8.

4. The social classes who mediate the relationships of people with systems of production and distribution, and who share relatively distinct standards and styles of living.
5. The minority groups who are liable to have an unequally small share of available national resources.

Many of the chapters of this book seek to elaborate these elements of theory. The reasons for attaching importance to the concept of style of living were discussed in Chapter 1, and the significance of 'social class' requires no further comment. It will be a major theme of the book, and is treated in Chapter 10. I shall give brief illustrations of the importance of the concepts of 'resources' and 'minority groups'.

Poverty, I will argue, is the lack of the resources necessary to permit participation in the activities, customs and diets commonly approved by society. Different kinds of resources, and not just earnings or even cash incomes, have to be examined. The scope, mechanisms and principles of distribution of each system controlling the distribution and redistribution of resources have to be studied. The list below represents in simplified form the resource systems, though clearly there is a large number of sub-systems which would have to be distinguished in any full analysis. The figure is intended to illustrate the complex sources of inequality. Poverty is in part the outcome of these systems operating upon the population. Some, such as the wage and social security systems, affect large proportions of the population and account, in aggregate, for a large share of the total resources which are distributed. Others play a relatively minor role. They have developed in conjunction with the class structure and both help to reproduce but also modify that structure. They do so in terms of their scope or coverage, the scale and growth of the resources that are to

<i>Type of resource</i>	<i>Main systems from which derived</i>
<i>1. Cash income:</i>	
(a) Earned.	{ Wage and salary systems of private industry and the state Self-employment income system Fiscal system
(b) Unearned.	{ Asset-holdings (rent, dividends and interest from deposits with banks and building societies, insurance policies, land and buildings, government and company securities) Fiscal system
(c) Social security.	{ Social insurance and assistance Employer sick pay and pensions Family Fiscal system Court maintenance orders

<i>Type of resource</i>	<i>Main systems from which derived</i>
<i>2. Capital assets:</i>	
(a) House/flat occupied by family and possessions.	{ Family Public authority loans system Building societies and insurance companies Employer subsidy Fiscal system
(d) Assets (other than occupied house).	{ Employer gift Family Earnings Fiscal system Capital issues system of companies, banks and insurance companies
<i>3. Value of employment benefits:</i>	
(a) Employers' fringe benefits: subsidies and value of occupational insurance.	{ Industrial welfare system Fiscal system
(b) Occupational facilities.	{ Industrial planning and management Safety inspectorate Trade union
<i>4. Value of public social services:</i>	
Chiefly other than cash, including government subsidies and services, e.g. health and education, but excluding social security.	{ Central and local public education system Central and local public welfare system
<i>5. Private income in kind:</i>	
(a) Home production	{ Family Personal leisure Self-employment
(b) Gifts.	{ Family
(c) Value of personal supporting services.	{ Family Community

be distributed, and the amounts that are distributed to those who are eligible to receive resources.

One difference that we have noted between 'radical' and orthodox economic theory is in methodology, and particularly the quantifiability of the scale and severity of poverty. There is a tendency in so-called radical theory to describe and explain *generalized* deprivation or exploitation in capitalist societies rather than historical changes or cross-national differences in magnitude.¹ There are different

¹ For example, despite its analytic strengths, there are no diagrammatic models and no tables, and few illustrative statistics, in Gordon, *Theories of Poverty and Underemployment*.

theoretical possibilities. Suppose that 10 per cent of the population in Country A but only 5 per cent in Country B had been found to be living in poverty. This might be due to resources being distributed more unequally by all or most resource systems in Country A than in Country B. However, it might be due solely to differences in the relative dominance of different resource systems with the structure of 'differentials' within each remaining the same. Thus Country A might distribute more of its aggregate resources through the wage system, and transfer less (by means of taxation) to social security, than Country B. Or it is even conceivable that Country A might have systems of industrial welfare, social security and education, health and welfare which dispose of resources more equitably than Country B, but because wages and property are distributed so unequally, still experiences more poverty.

Other theoretical possibilities arise in conditions of change. Despite substantial increases in the resources distributed via social security and the other public social services, overall inequality in the distribution of resources, and perhaps of poverty as well, might grow. This might, on the one hand, be due to the disproportionate growth to prominence of industrial fringe benefits, aided and abetted by the fiscal system (the benefits being confined to a minority of the employed population), and on the other to the disproportionate growth of the dependent sector of the population which is excluded from the labour market (chiefly elderly and disabled people). Therefore, the distribution of resources *between* resource systems might be as important as the distribution *within* any single system. This is the distinctive feature of the approach to the explanation of both inequality and poverty which is recommended in this book. Essentially an attempt is made to meet the criticism that inequality tends to be conceived of 'in a piecemeal manner, rather than as a multifiform and pervasive phenomenon'.¹

In subsequent research it will be necessary for the resource systems themselves (both centrally and locally) to be examined. In the present study, it is clearly necessary to establish for a cross-section of the population what are their types of income and of other resources and to estimate the value of each 'flow' in money terms. Some households will receive substantial resources under all five headings (cash income, capital assets, and employment benefits, public social service benefits and private income in kind). Others may receive resources under only, say, two of the five headings. This is set out for the entire sample in Chapter 5. The classification of types of resource, and their magnitude in relation both to classes and minority groups, will help to demonstrate their allocative and institutional origins. Of chief importance, as we shall see, are the allocative mechanisms and amounts of employment earnings, and inherited as well as accumulated wealth.

Finally, it is hoped to establish from the present study the extent to which there are minority groups in the population with low resources who have certain specific

¹ Goldthorpe, J. H., 'Social Inequality and Social Integration in Modern Britain', *Advancement of Science*, December 1969, p. 191.

social characteristics which, at least to a substantial degree, make them independent of social class and yet indirectly or directly support a system of classes. For example, because of age, disability or a short period of residence, some people will not come within the scope of certain resource systems, and may only qualify for a differentially small share from other systems. Thus immigrants may not qualify for certain benefits, and employees with only a few years' service may not be eligible to receive more than small amounts of money under redundancy and occupational pension agreements. Inequality and poverty are related systematically to social structure in both the demographic as well as the institutional sense. Certain minorities may account for a disproportionately large segment of the population found to be in poverty. That is one reason why it is important to examine and understand the concept of 'minority group'. But there are further reasons. In tracking and explaining the problems of industrial societies, some social scientists are prone to give almost exclusive attention to the employed population, ignoring the substantial or increasing proportions of retired, redundant, disabled and unemployed people. In understanding changes that are taking place in the pattern of inequalities, the concept of 'minority group' therefore has a useful place.

The concept of 'minority group' is essential to the elucidation of both inequality and poverty. The maintenance of inequality, and in particular of differential access to resources, presupposes the designation not merely of individuals but social groups who are not eligible for certain benefits or are not allowed opportunities to obtain certain kinds or amounts of income or accumulate certain kinds or amounts of wealth. For example, the distinction made between 'employed' and 'non-employed' or 'economically active' and 'economically inactive' and a society's attempt to manage the numbers of people allocated to, or motivated to join, each category, implies both the creation of groups marginal to the distinction and means of arranging an orderly progression of individuals from one category to the other. Ranks are thereby created.

The groups are not just individuals permanently assigned to some level or category of resources. The groups have acquired complex functions and relationships in the life of society as a whole. The pattern of their interrelationships reflects and perpetuates the basic value system and not only the economic class structure of society. This illustrates in part why the term 'structuration' seems appropriate.¹ The existence of classes conditions decisions about the development and scope of resource systems, but these, by controlling access, can also condition the identification and development of minority groups.

¹ Anthony Giddens has been responsible for the popularization of this term. In calling attention to the necessity of conceptualizing the structuration of class relationships, he wanted to 'focus upon *the modes in which* "economic" relationships become translated into "non-economic" social structures' - Giddens, A., *The Class Structure of the Advanced Societies*, Hutchinson, London, 1973, p. 105.

Nor are minority groups static. During their lifetimes, individuals move into the groups or may move between one group and another, and attain higher or lower status, with more or fewer resources, because of advancing age, length of service, change of residence or family status. The relativities in resources and status of the groups themselves may also change as a result of political or administrative action or the slow or rapid evolution of economic organization.

The groups are not 'naturally' self-selected, it should be remembered. Society itself decides who precisely are to be 'pensioners', 'immigrants', 'sick' and 'disabled', for example, and what it means to occupy that status. Definitions of, or even labels for, population groups are not always derogatory or stigmatizing. Names may be invented or blazoned at every opportunity for political effect. The use of a collective term encourages people to identify with each other and join in a common struggle; or to support a particular cause. Whether the name or the exact grouping denoted by the name finally helps or hinders a claim to fair or equal treatment or a larger income is not easy to determine. The answer may be affirmative at one stage of history, but negative at the next stage. What must be asserted is both the fact that societies recognize and, indeed, promote minority groups and that such groups exist within and help to explain a structure of inequality.