Chapter 21

North America: Poverty Amidst Plenty

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This chapter presents an overview of the study of poverty in two North American countries: the USA and Canada. Although similar in many respects, these two countries differ in their approach to poverty and are discussed separately. The chapter is in three sections: the first looks at the USA, the second at Canada, and the third discusses the findings and offers some comments and suggestions.[1]

The United States of America

Ever since President Johnson declared an unconditional war on poverty, it has featured prominently as an issue of public policy and as a topic of research in the United States. But that is not to say that there have not been ups and downs in national concern about poverty and the poor. The 1960s represented the high water mark of interest in poverty. In the 1970s, as other issues such as inflation, unemployment, and recession came to the fore, interest in poverty declined. With the resurgence of neo-conservative values and beliefs under the Reagan presidency, the war on the poor replaced the erstwhile war on poverty. And this new departure in social policy seems to have revived the debate about poverty and the poor, with the difference that, whereas in the 1960s the concern was with poverty, in the 1980s it was more with the poor and their behavioural characteristics. By the end of the 1980s the neo-conservative wave seemed to have rolled past and modest reforms and anti-poverty measures once again appeared on policy agendas. Because poverty research is an applied area of study and tends to be policy orientated, the political economy of American social policy has formed the

context within which issues have been studied. Naturally enough, the dominant ideological currents have influenced the nature and scope of poverty research.

Research on poverty has undoubtedly been the forte of the USA. With the beginning of the famous war in 1964, there was an "unprecedented flow of public spending for research on the 'nature and causes of, and the cures, for poverty" (Haveman 1987: 4)'. Between the mid-1960s and the mid-1970s federal expenditure on research and development concerned with poverty grew forty-fold in real terms (ibid.: 38). The Institute for Research on Poverty at the University of Wisconsin-Madison was set up in 1966. By the late 1980s it had published over 40 books and some 800 papers on the subject and it continues to be a focal point for poverty research (Sawhill 1988: 1073). Apparently it is a unique research institution in the West in that it is devoted exclusively to the study of poverty. In 1968 a longitudinal study of the economic fortunes of 5,000 American families – the Panel Study of Income Dynamics – began at the Survey Research Center of the University of Michigan. Its findings were reported annually (Duncan 1984). If research and development were the key to winning the war on poverty, the USA would have won it long ago. Alas, poverty not only persists but it appears that the USA leads the industrialized world in poverty. A cynic might conclude that poverty is directly related to the amount of research conducted on it. But such a conclusion would be unwarranted. For research is but one determinant – and a minor one at that – of social policy. Indeed social research – including poverty research – is best seen as a part of the political and ideological debate about the social world and how it might be shaped in accordance with particular values, beliefs, and interests.

Concepts of poverty

Poverty lines

How to demarcate the poor from the non-poor population has been central to the study of poverty. How and where to draw the poverty line is of crucial importance because the notion of poverty has clear value and policy implications. As an index of deprivation and suffering, and as a statement about the size of the nation's population that lacks the basic necessities of life, it has a strong judgemental aspect. Unlike its close cousin "inequality", poverty is a statement about a condition that demands redress – some form of meliorative action. It is not surprising that

where to draw the poverty line and how to count the poor have been the staple of controversy in poverty research.

The declaration of the War on poverty in 1964 led to the adoption of an official poverty line the next year. This showed the nature of the enemy to be vanquished so that progress in the war could be monitored. Despite wide-ranging criticism, this official definition has remained the basis for the count of the poor in the United States. The poverty line is based on the cost of buying a minimal diet and other necessities of life. A survey of 1955 had shown that average households spent one-third of their income on food. Hence the cost of a minimally adequate diet multiplied by three was deemed to be the poverty threshold. The poverty line is adjusted according to the family size and, annually, for changing prices. This threshold has remained virtually unchanged since its inception and forms the touchstone for debates on poverty (Ruggles 1992).

This official poverty line is based on an "absolute" rather than a relative standard, if by absolute we mean a standard considered appropriate for the early 1960s and that has been "frozen" in time. There is no clearly articulated rationale for the poverty line except what has been noted already. As the economy grows and the average income rises, the poverty line falls in value in relation to the average income. Thus, from 46 per cent of the median income at its inception in 1965 it had declined to 32 per cent of the median in 1986 (Sawhill 1988: 1076). Measured by an absolute standard, poverty may decline simply as a result of rising average incomes. At any rate, poverty in the USA declined from 19.0 per cent of the population in 1964 to an all-time low of 11.1 per cent in 1973. It then hovered around 11.5 per cent for the rest of the 1970s before rising sharply in the 1980s. After reaching a high of 15.2 per cent in 1983 it declined, but remains at a level higher than in the 1970s (Danziger et al. 1992–93: 2–3). Explaining the persistence of and the recent rise in poverty has formed a significant part of the research and debate on poverty.

Although the official measure of poverty shows a substantial decline in poverty, relative measures tell a different story. Using 50 per cent of the median income as the poverty standard – a commonly employed measure of poverty in cross-national research – a much higher percentage of Americans turn out to be poor. For example, in 1972, 17.9 per cent were poor by this standard, compared to 11.9 per cent by the official measure. Ten years later the corresponding figures were 18.9 per cent and 15.0 per cent, and in 1988 19.5 per cent and 13.0 per cent (Ruggles 1992: 7). Moreover, since the 1960s relative poverty shows a small rise rather than a decline (ibid.).

Critique of the official poverty line

The many shortcomings of the official definition of poverty loom large in American debate over poverty. Much of the critique seems to fall fairly clearly into two main ideological positions. The basic liberal position seems to be that the poverty line is too low, so that it understates poverty substantially and thus inhibits ameliorative action. The conservative critique too finds the official standard misleading but from the opposite viewpoint, i.e. that it grossly overstates the extent of poverty. Naturally, not all critiques fall into these two categories. It is possible to identify a left position as well as one that may simply be described as "technical". The latter aims at refining techniques of measurement and developing more appropriate and sensitive measures, including alternative conceptions of poverty.

A major criticism of the official measure of poverty – and it is conservatives who have made it their forte – is that it does not take into account in-kind transfers. Since the mid-1960s expenditures on programmes such as Food Stamps, Medicare, Medicaid, housing subsidies, and the like have grown enormously. The in-kind benefits represent a very substantial transfer to the low-income population but are ignored when computing income. The result, according to conservatives, is a gross understatement of the resources available to the low-income population and an inflation of poverty figures. Following these criticisms and the ensuing debate, the US Bureau of Census began collecting data on the in-kind transfers. They are assigned a cash value using a number of alternative methods. In 1987, for example, the official poverty rate was 13.5 per cent. Including the value of food stamps and housing benefits reduced the poverty rate to 12.0 per cent. Including the value of medical care reduced it further to 8.5 per cent. And this was without taking into account many in-kind benefits from both government and non-government sources (Ruggles 1990: 142).

Conservatives also believe there is widespread under-reporting of income. The poor, it is argued, obtain a good deal of income through "moonlighting" and other forms of underground activity that remains unrecorded. Estimating such income with any degree of reliability and accuracy is a difficult task. Nonetheless, guesstimates have been made by official as well as other researchers, and these bring down the poverty rate further. A Congressional Budget Office study estimated that taking in-kind transfers and under-reporting into account would bring the poverty rate for 1976 down from 12.0 per cent to 6.4 per cent. Another estimate put it even lower (Anderson 1978: 22–3).

Taking such factors into account, Martin Anderson (1978), policy adviser to the Reagan government, concluded that the war against poverty had been won and that issues such as welfare dependency and the undermining of work incentives by social assistance now needed far more attention. As we shall see below, this line of argument was developed more fully and systematically by Charles Murray some years later.

The official poverty line is based on gross income and takes no account of taxes and contributions. This was of little consequence in the 1960s when the poor paid little in the way of direct taxes. Between the mid-1960s and the mid-1980s, however, the tax burden on low incomes increased a good deal. In more recent debates the issue of taxation has been raised by liberals. The after-tax income of low-income earners would be lower and this increases the poverty population. It is of course difficult to take into account all forms of taxes. The US Bureau of the Census
publishes estimates of income net of federal income taxes and payroll taxes from time to time. An estimate for 1986 showed that adjusting income for the payment of these taxes increased the poverty rate from 12.2 per cent to 13.1 per cent (Ruggles 1990: 137). Whatever the exact nature of incidence, taking direct taxes into account raises the poverty rate slightly, thus counteracting the effect of adjusting for in-kind transfers. Smeeding (1984: 88) estimated that in 1979, when in-kind transfers (including medical care), under-reporting of income, and incidence of taxation were taken into account, the poverty rate dropped from the official figure of 11.6 per cent to 6.1 per cent. It should be noted that tax reforms of the late 1980s and early 1990s have increased earned income tax credit and in other ways eased the tax burden on low incomes, especially on earned income (Levitan et al. 1993: 8).

Poverty researchers differ a great deal on how to treat in-kind benefits and taxation for the measurement of poverty income. Should non-cash benefits be included at all? And, if so, should all benefits, including medical assistance and benefits from non-governmental sources, be counted? And, finally, what is the best way of computing the value of these benefits? These are all questions that await a clear answer. Patricia Ruggles, a leading authority on the measurement of poverty, suggests that "cash-like" in-kind benefits such as food stamps as well as taxes should be taken into account in computing income. She argues quite convincingly that medical care costs are different in that they do not free up income for spending on other items in the way that food stamps or housing assistance, for example, do. The unreality of assigning the value of medical benefits as income for the

purposes of measuring poverty can be seen in the case of the elderly population. This group is a heavy consumer of medical care and adjusting the in-kind benefits including medical care results in the poverty rate in 1987 plunging from 12.2 per cent to a mere 2.1 per cent (Ruggles 1990: 142). Yet it is quite clear that the resources available to these individuals do not change even if their income is boosted by the cash value of the medical benefits. An official inquiry was set in motion in 1992 to look into the existing poverty standard and its measurement and no doubt its report and recommendations would be of much interest (Haveman 1992–3: 24).

Absolute vs. relative measure: revising the poverty line

As mentioned earlier, multiplying the cost of a minimally adequate diet by three has remained the formula for calculating the poverty line since its inception. A major criticism of the official poverty measure is that the multiplier of three harks back to the standards of the 1950s when it was first developed. Critics point out that even by mid-1960s the formula was obsolete because the average American family was spending only about one-quarter of its income on food (Ruggles 1992: 2). By the late 1980s this had dropped to about one-sixth (Ruggles 1990: 50). In short, with higher living standards, changing patterns of consumption, and the rise in the cost of necessities other than food – notably shelter – expenditure on items other than food was absorbing a greater proportion of family income. Yet the poverty line was taking no account of these changes. A multiplier of at least four would be needed, according to some critics, to bring the calculation of income closer to the conditions of life in the 1990s.

The subject of updating the poverty line raises, in some quarters the spectre of relativizing the line. Continually updating the line, it is argued, will make it a "moving target". Surprisingly perhaps, this viewpoint receives some support from liberals (e.g. Wilson 1987: 171), who believe that an officially approved, stringent, and "absolute" standard has the advantage of being widely accepted and of providing a modest, and therefore attainable, target for anti-poverty policy. A further advantage, it is claimed, is that it enables the nation to chart the changes in poverty over time and thus provides a clear benchmark of progress, in a way that a revised poverty standard would not.[2]

Many liberal poverty researchers, however, reject the notion of an absolute or unchanging poverty line. Poverty, they argue, is a relative concept, invoking no less an authority than Adam Smith in support of their view. If poverty means not having the

means to acquire those necessities of life that "the custom of the country renders it indecent for creditable people, even of the lowest order, to be without", then poverty cannot be defined without reference to the "custom of the country", i.e. the norms and standards prevalent in the community (Ruggles 1990: xv). In other words, the poverty line must be adjusted to the changing standards of the community to which people belong. In short, the relativists argue that poverty is a social and not a physical norm, and that the official poverty line in the United States is clinging to a physical survival notion of poverty. Thus critics point out that the official poverty line has been falling as a proportion of the average household income and thus increasingly slipping below what most Americans in effect believe to be the poverty standard (ibid.: 44). One result of a declining poverty line is that the "poor" come to represent a narrower subset of the population, one that differs a good deal from the average household. More and more of the poor therefore come to be seen as different, e.g. an underclass that is behaviourally different from mainstream America and responsible for its own plight. Such a perception of the poor may "undermine support for programmes designed to combat poverty" as the poor become more isolated politically (Ruggles 1992: 9). A poverty standard that keeps in line with the changing standards of the community, it is argued, would be less atypical and less exclusive.

Although liberals favour a relative notion of poverty, the idea of defining poverty as a proportion of average income finds little favour. Ruggles, for example, argues as follows. Although a relative measure such as half of median household income has the advantage of simplicity, it is little more than a statement of people's relative levels of consumption or their place in the hierarchy of income distribution. But poverty, unlike inequality, implies a value judgement. Therefore what matters for public policy and normative debate is the *actual* rather than *relative* standard of consumption. A measure of poverty based on relative income distribution is not likely to be useful as an instrument of public policy and income transfers. Ruggles favours a relative definition of poverty based on a market-basket approach to minimum needs. A panel of experts could decide on a basket of goods representing minimum need. Apart from adjusting for price changes it could be revised periodically – say every ten years – to take into account changes in consumption patterns. This method would have the advantage of being backed by the authority of "experts" and, although the method would be no more "scientific" or objective than any other, it would at least have a clear rationale. It would steer clear of the Scylla of an

abstract relative measure and the Charybdis of an out-of-date relative poverty line masquerading as an absolute measure of poverty (Ruggles 1992: 2).

One thing that becomes quite clear from the debate on poverty and its measurement is that it is unrealistic to draw a rigid line of demarcation between the "poor" and the "non-poor". A more realistic view of living standards suggests a gradation stretching from the very poor to poor to near-poor. The situation of the elderly in the United States illustrates the point. The aged are rightly seen as the success story of anti-poverty policies: their poverty rate is below the national rate and was falling through the 1970s and the 1980s when the general trend was in the opposite direction. However, what this statistic does not show is that a good part of the elderly population has an income not far above the poverty line (Burton 1992: 17). This means that, if the poverty threshold is raised, a disproportionately high percentage of the elderly find themselves in poverty. They belong to the category of the near-poor. The policy implications of being close to the poverty line are not difficult to see. For example, any switch of resources from the elderly to other groups, e.g. children, risks bringing many of the older Americans back into the poverty fold (Ruggles 1992: 8).

A related issue is that of the poverty gap, which shows the actual income level of the poor, or more precisely the extent to which the income of the poor falls short of the poverty level. It thus measures the depth or severity of poverty. Using a 75 per cent of the poverty line measure as an index of "severe" poverty we find that in 1980 more than half of poor children and 42 per cent of the elderly poor were severely poor (Smolensky et al. 1988: 98). Looking at it from another angle, the average poverty gap (after taxes and transfers) for poor households was 38 per cent for families with children and 29 per cent for the elderly (ibid.: 114). Clearly this is an important additional statistic in the analysis of poverty and in ascertaining the condition of the poor.

Alternative conceptions of poverty

Much of the debate on poverty in the United States has centred around income – the level of poverty line income and how to compute it. Relative vs. absolute definitions of poverty have also centred around income. The shortcomings of an income-based approach have led some social scientists to formulate alternative conceptions of poverty.

Haveman and Burton (1993) suggest an approach based on "net earnings capacity", i.e. the potential of households with

working-age adults for generating income if they could use their human and physical capital to full capacity. This calculus of the potential income of a household, which takes into account capital assets as well as personal characteristics such as age, gender, education, and race, yields a picture of poverty very different from that based on actual income. For some groups the net earnings capacity (NEC) poverty rate turns out to be a good deal higher than the official poverty rate, and for other groups much lower. For example, in 1988 a female-headed white family with a child under 18 had an official poverty rate of 37.7 per cent. The NEC poverty rate for the same group was 52.4 per cent, i.e. a much higher proportion of this group had a low potential for generating income. This was even truer of the non-white female-headed family. On the other hand, one-person households, e.g. students, showed an NEC rate about half the official poverty rate (ibid.: 65). Dividing the NEC of the household, i.e. its income-generating potential, by the official poverty line, i.e. its need, gives the "NEC welfare ratio". Those with a low ratio of earnings capacity to need are the truly poor. Haveman and Burton believe that this measure says something important about the population that the official measure does not. These comparisons suggest that "a new definition of national poverty is in order, one which would attend to the longer-term capabilities of individuals and families, rather than to their current cash income." (1993: 71). They find that overall only about 40–50 per cent of the official poor are poor in terms of their ability to be independent and self-sustaining. The policy implication of Haveman and Burton's concept is that those identified as earnings-capacity poor might be made the object of special assistance to realize their potential fully. Such assistance might include education and training, help with child-care costs, counselling, and the like. Their approach also takes care of what might be called differences in family preferences, which are not at present reflected in the poverty statistics. For example, there may be two identical families comprised of husband and wife and child. One family might decide that both parents go to work, the other that the mother stays at home. As a result the latter family may fall below the poverty line, given that the role of two earners has become critical in sustaining living standards. By Haveman and Burton's criteria these two families would be identical in terms of their earnings capacity and presumably be above the poverty line. Undoubtedly the concept of "earnings capacity poverty" is both useful and interesting, albeit the calculation of earnings capacity is far from unproblematic. It is also difficult to see how such an approach could replace the income measure of poverty.

However, as a supplementary approach it seems far more acceptable.

Mayer and Jencks (1993), who share Haveman's dissatisfaction with the income approach to poverty, take a different tack. They too believe that the disregard of in-kind benefits and underreporting of income make the income approach inadequate. Moreover, they argue, poverty is not so much about inequality of income as a condition in which a person is deprived of some of the basic necessities of life, e.g. adequate and nutritious food, satisfactory housing, access to medical care. Mayer and Jencks find that the distribution of basic necessities has only a weak correlation with income. Moreover, consumer expenditure surveys for the period 1960–89 show that the distribution of household *expenditure* is less unequal than the distribution of household *income*. Mayer and Jencks reject the view that these discrepancies are a result of borrowing and credit buying, and they imply that income measures present a misleading picture of the resources available to households (ibid.: 137). They also examine disparities in measures of material well-being, e.g. housing conditions, access to cars and telephones, access to medical and dental care, and find that trends in the distribution of these do not show that "the gap between the rich and poor has widened over time". Mayer and Jencks argue in favour of developing a measure of material well-being of households similar to the measure of income, expenditure, and consumption patterns. They acknowledge the difficulty of developing such a measure because it requires a knowledge of the details of household need, e.g. health status, work-related expenses, and the like, in order to assess well-being. A focus on material well-being also leads to the disaggregation of various forms of inequality; for they find that different kinds of material inequality respond to very different technical, economic, political, and social forces. Overall, for the period 1960–89, material inequality in the USA correlated weakly with trends in income inequality, underlining the inadequacy of income as a predictor of well-being (ibid.: 123).

Theories and hypotheses in poverty research

The War on Poverty and the Great Society programmes were aimed primarily at the poor. They expanded existing means-tested programmes or developed new ones. With the notable exception of Medicare, most of the programmes and developments e.g. higher benefit levels and relaxed eligibility rules for the AFDC (Aid to Families with Dependent Children), Food

Stamps, and Medicaid, involved means-tested benefits that helped only the low-income population. On the other hand, Social Security, the major New Deal programme, on the other hand was a contributory insurance programme catering for the general population. Beneficiaries paid into the programme and in this sense "earned" their benefits. It was also based on labour force attachment. By contrast, the social assistance programmes of the Great Society were non-contributory, i.e. beneficiaries had not in any sense "earned" these benefits. The programmes were seen to be supporting what had appeared as a largely undeserving population. Mainstream America saw these as programmes for which it was paying but from which it was not benefiting. By the early 1970s, then, the American welfare state had developed a two-tier structure: one consisting of comprehensive, nearly universal social insurance programmes that enjoyed a great deal of support, and the other consisting of a set of ostensibly "anti-poverty" programmes that had a much weaker base of support and legitimacy (Weir et al. 1988: 422). In the late 1970s it was the latter that became the chief target of neo-conservative attack on the welfare state. Much of the debate in the United States around the poor and poverty focused on these means-tested programmes meant for the working-age population – above all AFDC or "welfare" – and their consequences.

Unlike in the 1960s, the major concern in the 1980s was not with poverty and its reduction, but with the reduction of social expenditure, with the apparent dysfunctions of the welfare state for the market economy, and more generally with restricting government commitment to social protection. Indeed, the Reagan administration replaced the war on poverty with a war on the poor (Katz 1986: ch. 10). Far from being a cure for poverty, social programmes, and especially welfare, began to be seen as a *cause* of poverty and welfare dependency. Not poverty as such but pauperization, i.e. dysfunctional and deviant behaviour on the part of the poor, was now identified as the main social problem of the 1980s, and the early 1990s reflected this shift in agenda from a concern with poverty to a concern with the poor. It must also be remembered that issues of race, especially in relation to work, family patterns, and crime, loom large in American debate over poverty and welfare. If in the 1960s the issues were racial discrimination and injustice, in the 1980s they were about deviant behaviour – single parenthood for example – centred in the black poverty population. Three overlapping questions have dominated recent debate over poverty:

1. Why, despite a massive increase in social expenditures and programmes targeted on the poor, has progress in reducing poverty been so limited?
2. What, if any, is the relationship between social welfare programmes and systems and such phenomena as the rise in joblessness among young blacks and the sharp rise in black female-headed families?
3. Is there a growing underclass – a subset of the poverty population whose attitudes and behaviour depart substantially from the mainstream – and if so what is behind its growth?

These are by no means the only questions being asked and debated around poverty but there is no doubt that, with the shift from a liberal to a neo-conservative definition of social problems, these questions have tended to dominate the public debate. A variety of theories and hypotheses have clustered around each of these questions and defy neat classification. One way of looking at the debate is in terms of conservative theses and their rebuttal by liberal researchers.

On the first question, namely why poverty persists, conservatives have come up with two different answers. One is that in fact the war against poverty has been won. Here the focus is on the limitations of the official poverty count, which leaves out of account in-kind transfers and unreported income. The official poverty rate is said to bear little relation to reality. From this viewpoint, then, poverty is no longer an issue. The social problems confronting Americans are now those of welfare dependency, out of wedlock births, criminality. and other dysfunctional behaviour on the part of the lower strata of the population (Anderson 1978). In short, urban America is faced with a growing underclass. Here social assistance and social welfare programmes more generally are seen as bearing a major responsibility. The second answer, which overlaps a good deal with the first, emphasizes the failure of the war on poverty. In spite of the massive effort of public policy to eradicate poverty and the massive rise in social spending, poverty rates remain disconcertingly high. The problem lies in the behaviour of the poor themselves, for which public policy bears a heavy responsibility. In short, one viewpoint is that poverty is now little more than a statistical artefact, the other that it persists because of the perverse consequences of a liberal social policy. In the 1970s, the dysfunctions of the American economy (inflation, unemployment, budget deficits, etc.) were blamed on government interference with the market economy and increased state spending.

Government economic policy was to blame for the state of the economy. Likewise, government social policy was now seen as the cause of social ills (Gilder 1981; Murray 1984).

The two conservative theses outlined above have stimulated a great deal of debate and research. We have already reviewed the debate on issues related to the measurement of poverty, e.g. in-kind transfers, under-reporting of income, and taxation. We therefore turn to the second of these theses and to the liberal response it has evoked.

Poverty and social policy: the conservative perspective

The theme of the perversity of social programmes was expounded most systematically and provocatively by Charles Murray (1984) in *Losing Ground*. Murray contends that poverty had been declining since about 1940, a decline that continued into the late 1960s. During the Johnson years – when the War on Poverty began and social programmes and expenditures multiplied – this twenty-year-old trend simply continued. The decline in poverty had nothing to do with the growth in social programmes and expenditures, which occurred in the late 1960s and 1970s. Indeed, the decline in poverty came to an end in the early 1970s and subsequently rose to a level higher than in the late 1960s. So what went wrong?

> In 1968, as Lyndon Johnson left office 13% of Americans were poor, using the official definition. Over the next twelve years our expenditure on social welfare quadrupled. And, in 1980, the percentage of poor Americans was 13%. Can it be that nothing changed?
>
> (Murray 1984: 8)

Murray lays the blame squarely on the perverse effect of Great Society policies on the low-income population. "Basic indicators of well-being took a turn for the worse in the 1960s most consistently and most dramatically for the poor. In some cases earlier progress slowed, in other cases mild deterioration accelerated" (ibid.).

Murray's basic argument is that liberal thinking, which dominated the reform of the 1960s, took the view that it was the system, and not the individual, that was to blame for poverty. In absolving individuals from responsibility for their own economic fate it in effect destroyed the moral and material incentive for poor individuals to be self-supporting and responsible. By liberalizing eligibility for welfare, by raising benefit levels, and by teaching that it was the system's fault that people were poor, liberal social welfare policy undermined work incentives. Females were offered the incentive of becoming a single-parent and

going on welfare. Murray marshals a wide array of statistics to show that labour force attachment among black youths weakened substantially and joblessness grew apace. There was a large gap between the participation rates of young whites and blacks. The number and proportion of female-headed families, especially among blacks, grew substantially. Growth of female-headed families alone accounted for one-third of the growth in poverty between 1970 and 1980. Murray sees a fairly direct connection between black joblessness and the rise in crime and violence in inner cities. Increasingly, black youth was deprived of the incentive – moral and material – of making an effort and leading a life of independence, self-respect, and hard work even if the rewards were modest. As the work habits of generations of black youths were destroyed, they turned to crime and the underground economy as a way of survival in inner cities. It should perhaps be noted that Murray, along with most other conservatives, is concerned with working age poverty. For the working-age population, the new rules of social policy made it "profitable for the poor to behave in the short term in ways that were destructive in the long term". Moreover, the new rules masked these long-term losses. "We tried to provide more for the poor and produced more poor instead. We tried to remove the barriers to escape from poverty, and inadvertently built a trap" (ibid.: 9).

Murray's thesis has been subjected to a devastating critique and its standing as a "scientific" work may not be particularly high (Wilson 1987: 17). Its importance lies in its pervasive – systematic and redolent with rhetoric and hyperbole – presentation of the perverse-effect-of-social-policy thesis and in giving voice to a set of attitudes towards welfare that is fairly widespread in middle America. The racial elements in Murray's interpretation of poverty and welfare are also quite explicit. Published in 1984, Murray's work is said to have provided a convenient legitimation for Reaganite social policy in the mid-1980s. For Murray, then, poverty had been declining during the war and the post Second World War years as a result of economic growth and might have gone on doing so but for the liberal social policy – well-intentioned but disastrous in its consequences – of treating the deserving and the undeserving poor alike and legitimizing dependency and welfare.

Lawrence Mead's (1986) work is also concerned with the perverse effects of social policy in the United States, in particular "welfare" or social assistance. He too started with the question why, twenty years after the War on Poverty, poverty still existed in America. He locates the problem not so much in the prolifer-

ation of social programmes and expenditures as in the permissiveness of the welfare state. The system distributes benefits without demanding anything in return. Clearly this does not help the poor to improve their functioning; for poverty today "often arises from the functioning problems of the poor themselves", such as difficulties in getting through school, in working, and in keeping their families together (ibid.: ix).

Mead too notes the explosive growth in social programmes and expenditures since the early 1960s and the fact that over the same period "welfare dependency and unemployment have grown, standards have fallen in the schools and rising crime has made some areas of American cities almost uninhabitable" (ibid.: 1). The racial aspects of welfare and dependency feature prominently in Mead's work. He writes: "There is substantial agreement about the nature of the social problem. A class of Americans heavily poor and non-white, exists apart from the social mainstream" (ibid.: 3). Reintegration of this growing underclass into mainstream America is for Mead the real challenge. The social problem is not only the destitution of the functioning citizens and their families but also "widespread dependency, with millions of Americans, including many working-age adults, subsisting on federal benefit programs" (ibid: 19). Murray finds that working-age people on welfare (presumably black women with young children) have absolutely no obligations. This makes them a privileged group compared with average Americans, who are obliged to work for a living and to perform a variety of roles to a high standard. It is this absence of any obligation to work or to do anything in return for state benefits that, for Mead, is the nub of the problem. Although the Great Society programmes did some good, such as improve opportunities for non-whites and reduce poverty, they did little to improve work and family problems among the disadvantaged. Indeed these got worse. Expanded welfare rolls, widespread dependency on state benefits such as food stamps, and the existence of a small underclass responsible for a large part of urban disorders cast serious doubt on social progress. Mead's answer to these problems is work. The state must attach conditions – above all work requirements – to programmes that serve the working-age population. Thus Mead's message is that of "workfare", i.e. the state must demand some form of work, education, and training in return for social benefits. Mead thus joined the rising chorus of voices demanding workfare in the United States in the 1980s. Clearly the policy of workfare has been quite influential – even if largely at a symbolic level – as evidenced for example by the Family Support Act of 1988, which

includes employment, education, and training provisions for adults on AFDC.

The Liberal and the left response

According to W. J. Wilson (1987), the work of conservatives such as Murray has "lit a fire" under the liberals, forcing them to respond to the conservative challenge. The thesis that readily available and high levels of welfare benefits, notably AFDC, are mainly responsible for the rise in female-headed families has been subjected to close scrutiny and extensive research (see, for example, Ellwood and Bane 1984). Liberals have pointed out that the real value of AFDC payments and food stamps increased only from 1960 to 1972, after which it declined sharply as states failed to adjust the value of benefits to inflation. Yet this fall in the real value of benefits seems to have had no effect on the growth in female-headed families or male joblessness. In 1975 Congress passed the earned income tax credit, which provided an additional incentive for the poor to work. Later, in the 1980s, the tax credit was expanded further. If Murray's thesis of the disincentives of welfare had any validity, the trend in the growth of female-headed families, out-of-wedlock births, and black joblessness should have slowed down or reversed as a result of these changes. But nothing of the kind happened. All of these kept rising.

Inter-state variations in benefit levels provide another test of the same hypothesis. AFDC benefit levels vary widely across states. If Murray is right, the incidence of dysfunctional behaviour by the poor should be higher in states with higher levels of benefits. But no clear relationship has been found between the variables. For example, Cutright (1973) found no association between out-of-wedlock birth-rates and benefit levels. Other studies on the subject report either a slight association or none. True, the generosity of the welfare system and the number of female-headed families in the jurisdiction were found to be positively correlated, but the nature of the causal relationship is unclear (Sawhill: 1988). One relationship that is quite clear is that between the generosity of welfare benefits and the living arrangements of young single mothers. Single mothers tend to move out of extended family arrangements and set up on their own in states where welfare benefits are generous (ibid.).

Income maintenance experiments have also provided a test for their effect on work disincentives and family formation. Guaranteed income experiments show a slight work disincentive effect, and *prima facie* evidence on family formation shows that

guaranteed income made some difference. But more careful analysis of the data showed that the income maintenance element in the experiment had no effect on family composition (Sawhill 1988: 1105). The main reason for the growth of black female-headed families is a rise in out-of-wedlock births. And, as noted already, this shows no clear relationship to the welfare system. Overall, then, research findings do not support the view that welfare is a major cause of the growth of female-headed families or out-of-wedlock births. No perverse effects of welfare are in evidence in these respects at least.

Able-bodied single people do not receive welfare. The connection between the unemployment of young blacks and welfare is therefore indirect. A young man whose common law spouse and child could get more from AFDC than he could make from a job paying the minimum wage has little incentive to work in such a job. He is better off "working" in the underground economy and thus enjoying his freedom at the taxpayer's expense. Conservatives such as Murray see this as the main cause of unemployment among young blacks and a major contributor to black female-headed families. Liberal researchers believe other reasons are more important for both these phenomena. On the thesis of black unemployment there is at least one piece of research that has damaging implications for the conservative thesis (Osterman 1991). In the 1980s Boston enjoyed an economic boom that brought virtual full employment in the city. The poor blacks in Boston took full advantage of the economic opportunity and there was a dramatic decline in both unemployment and poverty. In 1988, when the poverty rate for American central cities was 19 per cent, Boston's rate was only 3.5 per cent. Poverty rates also fell substantially for female-headed families. Clearly, given the opportunity for work blacks responded as "good" Americans. What is more, Massachusetts, the state in which Boston is located, is very generous with its AFDC as well as other welfare benefits such as subsidized housing. If generous welfare benefits act as a disincentive then this was an ideal testing ground for the Murray thesis. Furthermore, jobs in Boston were by no means highly paid. Nearly half of the jobs held by the poor paid less than $5.00 dollars an hour at a time when the federal minimum wage was $3.35 an hour. This research offers evidence that is a clear refutation of the Murray thesis.

Beyond these specific hypotheses, which have been tested and found wanting, the conservative thesis as a whole has come under fire for its gross oversimplification of the relation between poverty and social policy. Essentially, writers such as Murray make a one-to-one equation between social spending and the

reduction in poverty, ignoring other variables that enter into the equation. Thus critics have pointed out that unemployment in the 1970s was double the rate it was in the 1960s. Real wages, which had grown steadily through the 1950s and 1960s, had stopped growing in the 1970s. It was a decade of severe economic recessions. Murray simply ignores all this. Thus research shows that, for every 1 percentage point rise in the unemployment rate of prime-age males, poverty goes up by 0.7 per cent, after controlling for average income, transfers, and inflation. Moreover, unemployment affects low-income working families far more than middle- or upper-income families (Sawhill 1988: 1089).

Other factors to which liberal research has drawn attention include the demographic factor. For, although the economy grew through the 1970s, growth was not enough to absorb the numbers entering the labour market (the baby boom generation). The state of the economy, then, had a lot to do with why poverty failed to decline. Indeed, the role of the market economy in creating poverty and that of income support programmes in reducing poverty become quite clear from poverty rates before and after transfers (Sawhill 1988).

The relationship between economic growth and poverty is far more complex than is made out in conservative arguments. This becomes clear from the situation in the 1980s. Research shows that between 1982 and 1990 the United States experienced its second-longest economic expansion since the Second World War, yet poverty rates declined relatively little. Why? In a thorough study of the phenomenon of the "unexpectedly slow decline in poverty" in the 1980s, Blank (1993) seeks to answer the question. During the recession of 1981–2 the poverty rate was over 15 per cent. In 1989, towards the end of the long boom, it still stood at 12.8 per cent, well above the historic low of 11.1 per cent in 1973 and at about the same level as in 1980. Given favourable economic circumstances – economic growth, lower unemployment, and lower inflation – the expected rate of poverty was 9.3 per cent rather than 12.8 per cent in 1989. Blank examines a range of explanations for the sluggishness of poverty but finds them inadequate. These include the measurement of poverty (not counting in-kind transfers), changes in income support policies (Reagan cutbacks and restrictions), the regional distribution of the poor, and changes in the family composition of the poor. She locates the main explanation in the substantial real wage declines among low-wage workers throughout the 1980s. With economic growth, unemployment fell rapidly and working-age people in the bottom quintile of the population

increased their work effort more sharply than in the 1960s. Despite high labour participation rates, however, declines in the wage rates of low-wage earners made economic growth "a far less effective tool" for reducing poverty than it was in the economic expansion of the 1960s.

Blank does not examine the reasons for the decline in wages but draws attention to some of the reasons suggested by other researchers. These include a decline in the unionization of labour, polarization of the labour market between "good" jobs and "bad" jobs, and the globalization of the economy and its impact on wages. Be that as it may, Blank concludes that, if the trends of the 1980s were to continue, "trickle down" will be dead. It will have very little relevance to poverty reduction and other options, however difficult politically, such as income redistribution and social transfers will have to be considered.

On the relationship between social expenditure and the reduction of poverty, liberal scholars point out that reduction of poverty among the elderly has been the great success story of American social programmes. It has been achieved mainly through social security – a universal, insurance-based programme rather than one targeted on the poor. In fact the social security programme does far more to lift Americans out of poverty than the targeted programmes (Sawhill 1988: 1099). Thus, even among the non-elderly, social insurance programmes have been two to three times more effective in reducing poverty than means-tested cash transfers (ibid.). It is not difficult to see why. Benefits provided by social insurance programmes tend to be a good deal higher than those provided by means-tested programmes. For example, during 1940–70 social security benefits for a retired couple were typically about 40 per cent higher than AFDC benefits for a three person family (Smolensky et al. 1988: 45). After 1970, AFDC benefits, which are not indexed, fell in real value. Social security benefits, on the other hand, were indexed. By 1980 the typical retired couple received almost twice the benefits received by a three-person family on AFDC with a prime-age head (ibid.). AFDC payments typically fall far short of the poverty line. In 1987 the median state payment standard for a family of four was only 44 per cent of the federal poverty line (Meyer and Moon 1988: 183, Table 5). It is not surprising that, despite a large outlay, the very fact of being an assistance programme meant for the poor prevents it from eradicating poverty. Its main purpose is to *relieve* rather than to prevent or eradicate poverty. The point liberals make is that even the function of relieving poverty is not performed by means-tested benefits. For example, in 1990 only 42 per cent of those below the

poverty line received cash assistance and over one-quarter of the poor received no benefits at all. Among the elderly, only half of those eligible for supplemental security income (SSI) actually received it (Burton 1992: 7–8). Clearly this raises the question of the take-up of means-tested benefits – a subject that appears to feature little in debates on poverty.

One answer to the question posed by conservatives, namely why poverty persists despite the effort to eradicate it, begins by desegregating poverty. By comparing the poverty of particular groups of people, for example the elderly and children, it becomes possible to ask why age poverty has been reduced so successfully and why, moreover, it continued to decline through 1970s and 1980s against the general trend in poverty. Conversely, we may ask why child poverty has remained higher all along and has been rising in recent years. A comparison between these two groups brings out the role of public policy as well as the part played by social insurance type programmes in combating poverty. Put simply, age poverty has been substantially reduced because public policy willed it. A social insurance programme with high levels of benefits, and meant for the general rather than the poverty population, the supplemental security income (SSI), whose benefit level has been set nationally, the indexing of social security benefits – these policy decisions represent the generous treatment of the aged, who are not expected to be in the labour force. Children, on the other hand, have been treated very differently. Children are expected to be taken care of by the parents, working-age adults who are expected to be independent. The USA is unique among Western industrialized countries in never having instituted a child allowance or family allowance programme. Typically it tends to be a universal programme that helps all families with the cost of child care. The aged have been provided with a floor of income – through the SSI – that is set nationally and is relatively generous. The income floor for children is set in effect set by AFDC – a standard that varies from state to state – at a level far below the not overly generous official poverty line. When we add to this the fact that wages in the low-paid sector have declined and family incomes have been stagnant or declining since the early 1970s, it is not difficult to see why the poverty rates of these two groups are the way they are and why they have diverged in recent years (Smolensky et al. 1988).

Comparative poverty research in the United States has drawn attention to some of the ways in which the United States differs from other countries. A comparison of eight Western industrial countries in 1979–81 shows American poverty rates to be the

highest. The data also indicate that countries with the lowest poverty tend to be those that emphasize universal rather than targeted programmes for income support. Thus Australia, another country that uses targeted programmes quite extensively, also shows poverty rates comparable to that of the United States (Smolensky et al. 1988: 96–7, 112). Cross-national research on poverty and social policy more generally is adding a valuable dimension to nationally based studies.

The debate over the underclass

In the United States, the 1980s were without doubt a neoconservative decade. Because conservatives locate the cause of poverty – or more precisely dependency – chiefly in the attitudes and behaviour of the poor, these issues have been at the centre of the poverty debate. The term "underclass" has served as a loose conceptual underpinning for this debate. However it is the terminology and context of the debate that are new rather than its substance. For one thing, "underclass" has a clear affinity with the "culture of poverty" tradition in the analysis of poverty – a notion that refers to a subset of values, attitudes, and behaviour patterns among the poor that sets them apart from the rest of society and that impedes their integration with mainstream society. For another, it harks back to an older – and recurring – theme in conservative thought, which sees permissive forms of social welfare (poor relief) as causing a great many ills, for example loss of work incentives, habits of dependency, indiscipline, and demoralization among the poor. The arguments of American conservatives such as Murray (1984) and Mead (1986) are a re-run of old themes and concerns (for instance, the attack on the Speenhamland system of poor relief in England in the 1830s). Indeed, some of the remedies proposed by conservatives – workfare and the retrenchment of welfare assistance – are strongly reminiscent of the poor law reform of 1834 in England, with its principles of less eligibility and the workhouse test. The underclass debate also echoes the concern in England in the late 1800s about the "pauperized population" and the growth of "dangerous and criminal classes" in parts of London and other cities.

Be that as it may, the debate over the underclass in the United States has an element to it that was missing in the earlier debates, namely race. As Wilson (1987: ch. 1) argues, conservatives such as Murray seem to have thrust the issue of race in American poverty to the fore – an issue that liberals have tended to see largely in terms of racism and discrimination by whites. High

rates of unemployment, female-headed families, out-of-wedlock births, and crime have been seen almost entirely as a product of systemic discrimination – historical and contemporary. The oppression of the black population and its accommodation to its position in the social hierarchy of American society explain the high incidence of such phenomena in the black population. This has meant turning a blind eye to the pathologies of black family and community life. The debate over the underclass has focused attention on the dynamics of black poverty in inner cities and its relation to the changing economic and social structure of urban America.

The "underclass" is not a concept with any clear reference point in either theory or empirical reality. It refers to a class of "disreputable" poor (in the American context, to the black poor) whose values, attitudes, and above all behaviour seem to set them apart from the rest of society – they literally drop out of the class system – and impede their integration into mainstream society. Is there such an underclass in America and has it been growing in recent years? Conservatives believe that that is the case and, as we have seen, that it is liberal social welfare policies that are to blame. There is now a sizeable literature that addresses the issues arising out of the underclass thesis.

One of the most original and influential works on the underclass is Wilson's (1987) *The Truly Disadvantaged*. Wilson, a black sociologist, accepts the conservative thesis that in American society there exists an underclass and that it might be growing. It consists of a heterogeneous grouping of inner-city families and individuals whose behaviour and characteristics are at variance with those of mainstream America, for example in respect of labour force attachment, female-headed households, out-of-wedlock birth and crime. Chronic joblessness, persistent poverty, and social isolation are some of the main characteristics of the ghetto poor or the underclass. Though Wilson's notion of underclass is nominally colour-blind, his focus is on the black underclass. Wilson's analysis owes something to the culture of poverty view of the underclass but offers a structural explanation for the emergence and persistence of the deviant and pathological behaviour patterns.

Wilson's thesis may be summarized, somewhat baldly, as follows. The changing nature of the economy in the United States has resulted in chronic joblessness in inner cities, where most poor blacks live. Jobless black youths have turned to criminal activity. Joblessness and imprisonment have meant a serious drop in the number of marriageable males. As a result, out-of-wedlock births and female-headed households have been

growing. Moreover, ghetto poverty has become more concentrated and the ghetto poor more isolated as middle-class and respectable blacks have left inner-city areas for suburbs or other parts of the cities. The race-specific policies of the 1960s and 1970s – equal opportunity, anti-discrimination – primarily benefited the more able and advantaged blacks, enabling them to be upwardly mobile while leaving a substantial minority of disadvantaged blacks – the underclass – in a hopeless situation. Wilson sees the solution in developing European-style social policies that are universal and comprehensive rather than targeted on particular groups – whether economic or ethnic. These include job creation and full employment, family allowances, a national labour market strategy, and a child-care strategy. For Wilson, the life chances of the ghetto underclass can best be improved "by emphasizing programmes to which more advantaged groups of all races and class backgrounds can positively relate" (1987: 155).

Wilson"s work has spawned a good deal of research and debate. The hypotheses implicit or explicit in his analysis have been subjected to empirical test and close scrutiny (see e.g. Jencks and Peterson 1991). Prominent among these are: the increasing concentration of urban poverty – increasingly the poor are to be found in areas characterized by high rates (40 per cent or more) of poverty; social isolation – increasingly the ghetto poor are cut off from social contacts with the mainstream, i.e. middle-class and working-class black families; increasing polarization of income among blacks; the outmigration of black middle-class families from inner cities; the decline in suitable jobs (requiring minimal education) for poor blacks in inner cities; the lack of suitable marriage partners, leading to a rise in female-headed families.

The verdict is somewhat mixed on the Wilson thesis (Jencks and Peterson 1991; Wilson 1989). The economic argument connecting a lack of suitable jobs in the inner city to black unemployment receives ample confirmation. Moreover, wage rates in low-paying jobs also appear to have declined. The connection between the growth of female-headed families and the dearth of marriageable males, however, appears to be more complex than suggested by Wilson and there is little support for a causal connection. Aspects of black culture and changing notions of family and marriage in the United States seem to be more important in accounting for the rise in female-headed families than economic factors. The thesis of the increasing concentration of poverty receives support in the largest central cities of the rust belt. But even here it is not clear whether this is simply due to an

increase in poverty in recent years or to greater segregation of the poor. There is no evidence of increasing black segregation along income and class lines between 1970 and 1980 in metropolitan areas. There is also little evidence that the poor have become more isolated from the mainstream than in the past. Finally, the ghetto poor (living in areas of concentrated poverty) seem to differ little in political attitudes and behaviour from the poor living elsewhere.

The concept of underclass itself has come in for a good deal of criticism. Many social researchers find little conceptual validity in a notion that lumps together disparate groups and individuals who do not necessarily share the characteristics associated with the underclass, namely being poor, or being on welfare, living in the ghetto or inner city, being an unwed mother, being unemployed, or engaging in criminal activities. Taken singly, none of these attributes qualifies a person for membership of the underclass. How then do we define the group? For without being able to operationalize the concept we cannot go far in either proving the existence of the phenomenon or showing that the class is growing.

Ricketts and Sawhill (1988) defined underclass areas as those with an above-average incidence of high school drop out, female-headed families, welfare dependency, and non-attachment to the labour force by prime-age males. Analysing 1979 data they found that the total population living in such areas came to 2.5 million or only 5 per cent of the American population.

Ruggles (1991) used the criterion of persistent poverty to identify the underclass. However, in the literature, persistent poverty has been operationalized in a variety of ways, by some as being poor in five out of six consecutive years, by others as being poor over an eight-year period. Leaving aside the elderly and the disabled, Ruggles estimated the persistent poor in urban areas to be less than 2 per cent of United States' population. Ruggles, however, leaves open the question of whether the persistent poor can be seen as "part of a self-perpetuating culture whose members remain in or near poverty over most or all of their lives" (ibid.: 186).

Jencks (1991) believed that the idea of a growing underclass rests on the "illusion of class homogeneity". So that, for example, if one of the behavioural attributes of the class increases (e.g. crime), then the entire class is seen as growing. It is the same with other attributes; for example, if poverty increases, then it is assumed that the class, with all its deviant behavioural patterns, must be growing (ibid.: 97–8). Jencks' approach was to disaggregate the characteristics subsumed by the term underclass

and to examine them separately, charting their changing incidence and causation. Thus he examined long-term poverty, the inheritance of poverty, the proportion of black population on welfare, teenage pregnancy, and joblessness, but he did not find that they are all growing or indeed that they move together. Jencks, in short, did not find the notion of underclass very meaningful or useful. W. J. Wilson too favoured dropping the notion of underclass in favour of something less amorphous, such as "ghetto poor".

Left social scientists reject the notion of underclass partly because it is something of a red herring. It distracts attention from the substantive problems of American society and a serious debate about their causes and their solution. Katz (1993: 21), for example, writes: "As a modern euphemism for the undeserving poor, it reinforces the tradition of blaming the victim." Moreover, in concentrating on the "behaviour of a relatively small number of people clustered in inner cities [it] deflects attention from the problem of poverty". (ibid.: 21–2). For Weir et al. (1988), the notion of underclass, with its "emphasis on the individual characteristics of the poor as the solution to poverty", is a natural outgrowth of the agenda of the War on Poverty (ibid.: 425). This particular perspective has had "an enduring influence" on the thinking about black Americans and their problems. They reject this approach to "poverty", which has resulted in a bifurcated welfare state in America – one for the poor and one for the non-poor, socially divisive rather than solidaristic – and which isolates the problem and its solution from broader issues of socioeconomic policy and political action (ibid.: 425–30).

Canada

Social policy development in the United States and Canada has been contrasted in terms of a "big bang" (USA) vs. a "steady state" (Canada) approach. The Canadian approach to poverty seems to fit the description. Unlike the USA, Canada never declared a "war" on poverty. Somewhat along the lines of European countries Canada has developed an array of policies and programmes seeking to ensure a national minimum standard of life for all Canadians. Poverty has been tackled indirectly and change has often been incremental. Yet in the 1960s Canada too felt the impact of the rising concern over "poverty amid affluence" in the United States and elsewhere. In Canada too, poverty became a focus of interest in the late 1960s (Guest 1980: 170–3).

Concepts of poverty

There is no official measure of poverty in Canada. However, the so-called "low income cut off" (LICO), an income level used by Statistics Canada to identify the low-income population, has acquired the status of an unofficial poverty line (Ross and Shillington 1989: ch. 2). The calculation of the LICO, which dates back to 1968, has some similarity with that of the American poverty line. A survey of family expenditures in 1959 showed that the average Canadian family spent about one-half of its income on the basic necessities of food, clothing, and shelter. Thus families that had to spend a substantially higher percentage of their income on the basic necessities would have little left over for other needs. They could therefore be considered as living in "straitened circumstances". Statistics Canada (StasCan) adopted 70 per cent as the cut-off: families that spent more than 70 per cent of their income on essentials would be considered to be living in straitened circumstances. Applying this standard to 1965 incomes, 25 per cent of Canadians were found to be below this LICO income level, i.e. poor. Since 1971 StatsCan has conducted its income surveys annually. The family expenditure surveys, which show the changing expenditure pattern of average Canadians, are carried out every four years and form the basis for estimating the proportion of income spent by average Canadians on food, clothing, and shelter. StatsCan then marks up this percentage by 20 per cent. The income level of families that spend this amount (x + 20%) on the three basic necessities becomes the LICO. The 70 per cent standard based on a 1959 survey gave way in 1973 to a 62 per cent standard based on a 1969 survey and in 1980 to a 58.5 per cent standard based on a 1978 survey (Ross and Shillington 1989: 7). The survey carried out in 1990 brought it down to 54.7 per cent, because the average spending on the three essentials had dropped to 34.7 per cent (National Council of Welfare 1994: 74, n, i). Thus the Canadian LICO, unlike the American poverty line, is a relative rather than an "absolute" standard. The income level is adjusted according to the size of the household and the type of residential community (e.g. rural, small town, city), and updated to take into account changes in the consumer price index.

Among other definitions of poverty in Canada, two in particular deserve mention. In 1973, the Canadian Council on Social Development (CCSD), a leading voluntary organization, developed a measure of income inequality that used 50 per cent of the average household income as the low income standard. In choosing a cut off of 50 per cent of average income the CCSD

Table 21.1 Canadian low income measures (C$)

Household	LICO	CCSD	SPCMT
One person	12,063	11,828	16,398
Three person	21,291	23,655	21,694
Four person	24,534	27,597	30,204

Sources: Ross and Shillington (1989: Tables 2.1, 2.2, 2.4).

Table 21.2 Population in poverty (%)

	National definition	LIS definition
Canada	14.0	12.1
United States	11.7	16.9

Sources: Ross and Shillington (1989: Table 10.1); Battle (1991: Table A); Sawhill (1988: Table 2).

implied that those with an income of less than half of the national average were falling below the desirable minimum standard. In effect the CCSD income measure has also become a measure of the population with less than adequate income, in short the poverty population (Ross and Shillington 1989: 9).

The Social Planning Council of Metropolitan Toronto (SPCMT) – an unofficial body – uses an approach based on the cost of a basket of goods and services. The SPCMT uses a social rather than a merely physical survival standard. A panel made up of experts as well as lay members decides on the type of goods and services necessary for a socially adequate level of living, which are then costed by professional buyers. However, because the SPCMT is a Toronto-based organization, its budgetary standard refers to that city and would not necessarily apply elsewhere (ibid.: 11).

It is of interest to note that these three poverty lines – all of which are relative – are not so far apart, albeit their method of calculation limits their comparability. Table 21.1 shows the figures for 1989.

The Luxembourg Income Study (LIS) provides a useful database for cross-national comparison of poverty lines. The LIS poverty line is based on half of the median disposable income of households. Table 21.2 shows the figures for Canada (1981) and the United States (1979). Table 21.2 shows that, whereas the

American poverty line based on an absolute standard understates poverty, the Canadian measure based on LICO – a relative standard – seems to go the other way.

In Canada the poverty rate, as measured by the LICO, fell from 29.0 per cent in 1961 to 14.0 per cent in 1981 (Battle 1991: Table A). Canada's worst postwar recession in 1981–2 pushed the rate up to 17.0 per cent in 1983. By 1989 it had declined to 13.6 per cent but the recession of 1990–1 pushed it back up again (National Council of Welfare 1994: Table 2). We saw earlier that measured by a relative standard, for example 50 per cent of the median household income, the poverty rate in the United States shows no improvement at all. Comparable figures for Canada are not available, but insofar as the LICO is a relative measure it would seem that relative poverty in Canada shows a steady decline since 1961. The lowest rate of 13.3 per cent was reached in 1977, after which it rose somewhat, dipping below 14 per cent only in 1989. As in the United States, poverty among the aged has fallen sharply since the the early 1960s and the decline continued through the 1980s. The poverty rate for households headed by over 65s fell from 21.9 per cent in 1979 to 9.5 per cent in 1986 (Ross and Shillington 1989: 44). Although by Canadian measures the overall poverty rate for the elderly remains high, a cross-national study shows that, using the American absolute poverty line, only 4.8 per cent of the aged were poor in 1981 compared with 16.1 per cent in the United States in 1979 (Smolensky et al. 1988: 105). The difference narrows, however, when the 50 per cent median household income standard is used (17.2 per cent compared with 23.9 per cent) (ibid.: 96).

The LICO of StatsCan and the poverty line of the CCSD are both based on pre-tax or gross incomes. Benefits in kind are excluded. There has been very little concern in Canada over in-kind benefits, under-reporting of income, or some of the other issues related to the calculation of poverty income. It has to be remembered that Canada has no equivalent of the food stamp programme in the United States. Medical care is a universal programme and there is no medical assistance for the poor.

In recent years, however, the definition of poverty and the method of counting the poor have come under attack from conservatives. Sarlo's (1992) is perhaps the most comprehensive statement. Sarlo objects to the relative measure of poverty, which he believes should more appropriately be considered a measure of income inequality. As an absolutist he takes a physical survival view of poverty. By this standard, Sarlo believes, poverty in Canada has been "virtually eliminated" (ibid.: 2). According to Sarlo, both StatsCan's LICO and CCSD's

poverty line are relative measures and therefore "grossly" exaggerate the extent of poverty. He develops a "basic needs" approach of his own with a poverty line income far below the other two measures. Sarlo's figure for a family of four in 1988 of C$13,140 compares with LICO's C$22,371 and CCSD's C$26,941. (ibid.: 3).

By Sarlo's measure, only 2.5 per cent, compared with 14.8 per cent (LICO) and 15.4 per cent (CCSD) of Canadians turn out to be poor. His poverty line is based on a market basket approach with three main sectors of expenditure: food, shelter, and other items. It works out to a level not far from the social assistance or welfare standard, which differs across the provinces – ranging between one-half to three-quarters of the LICO level. On average, Sarlo believes, welfare brings people above what he considers to be the poverty line (ibid.: 172–3). Sarlo's work, published by the Fraser Institute, a right-wing "think tank", follows in the footsteps of neo-conservatives south of the border.

The liberal critique of the LICO has centred around the question of adopting an unambiguous relative definition. It should be noted that Statistics Canada does not regard the LICO as a poverty line and has sometimes equivocated on the question of using the regularly updated expenditure standard for determining the LICO. Responding to the poverty lobby and others, StatsCan has proposed a new low income measure based on half the median family income. It will be adjusted for family size and composition but, unlike LICO, not for community size. StatsCan intends to try out this measure and invite feedback from users of poverty data. Preliminary estimates show that the change is likely to have very little effect on the overall poverty rate (Ross 1992: 63).

In Canada, unlike in the United States, issues of welfare dependency, the growth of female-headed families, and the emergence of an underclass have not featured prominently in debates on social welfare. True, in Canada too issues of workfare and the reform of social security have been acquiring greater visibility. The unemployment insurance programme has been steadily eroded in terms of eligibility and level of benefits. Workfare, education, and training for working-age people dependent on state benefits are being considered, and universality is being supplanted by targeting of benefits and programmes (Evans 1994).

On the other hand, in Canada, as in the United States, poverty researchers have been documenting the plight of the "new" poor, notably female-headed families, children, and families in general, and lobbying governments for action on these issues.

The poverty gap has received a good deal of attention. Some effort is being made to find out more about the duration of poverty, which has not been examined systematically in Canada so far (Ross and Shillington 1989: 19). It must be remembered, however, that in Canada, unlike in the United States, poverty has not been targeted as a special area of investigation and research. Ideological issues pursued with elan by conservatives in the United States evoke only faint echoes in Canada. The ethnic and racial dimension has been much weaker. Overall, poverty research in Canada has remained somewhat low key. It has been industrious rather than innovative, descriptive rather than analytical – more interested in detailing and monitoring poverty than in developing or testing hypotheses. Much of the study of poverty goes on in and around government departments and non-governmental organizations (such as the CSSD) concerned with social policy issues, rather than in a university academic setting. Comparative poverty research has yet to make its mark.

Poverty research: comments and suggestions

What comes across quite clearly when reviewing North American research is the way the poverty line, the measurement of poverty, and related issues of defining poverty loom large in the literature. This is true of both the United States and Canada, although in Canada measurement issues have not been prominent. The near-obsessive concern with the definition and the count of the poor is clearly driven by the ideology and politics of social welfare. Thus it appears that conservatives – who tend to be "absolutists" – would drag the poverty line as far down as possible, whereas the liberals – "relativists" generally speaking – would like to go the other way. Because poverty is a normative concept there cannot be an "objective" definition of poverty, any more than there could be of "justice" or "liberty". Indeed poverty seems to be a matter of distributive justice in society. Thus poverty is and must remain a contested concept. At any rate, insofar as it involves state action and redistribution, the basic divide seems to be between a "stringent" and a "liberal" concept of poverty. And a great deal of poverty research, focused on definitional issues, seeks to validate normative judgements with reference to empirical data. The need to demarcate the "poor" or "needy" from the non-poor is essentially a bureaucratic and not an intellectual or conceptual need, although the

implications for society and the "poor" are substantive. From a social science viewpoint, the logical approach seems to be to see the distribution of income or well-being as a continuum, at the lower end of which one might locate various positions that could be described as "very poor", "poor", "somewhat poor", "near poor", and so on (George and Howards 1991: 10–11). At any rate, North American research on poverty has been concerned less with philosophical arguments and more with "applied" issues. The inadequacy of an income-based approach for the assessment of levels of living and material well-being is a point that has been made quite well. And both the "earnings capacity" and "material well-being"' approaches suggest complementary methods of estimating the resources available to an individual or family.

A major finding of American poverty research is that social insurance type programmes have done far more to lift people out of poverty than means-tested programmes have. This is an important point that merits emphasizing because it draws attention to a fundamental issue in the fight against poverty. It is that "prevention is better than cure" is as true of poverty as of other things. The insight of poverty researches in the USA, namely that insurance-type programmes do far more in this respect, also suggests that the wide array of means-tested programmes in the United States cannot really be considered as *anti-poverty* measures. In a sense, of course, all means-tested programmes are aimed at helping the poor, but this does not mean that they aim at *lifting the poor above the poverty line*. For example, a glance at any social assistance programme should be enough to dispel the notion that it is an anti-poverty programme. In fact, most social assistance programmes keep the clients below the poverty line. They are most appropriately considered as programmes for the *relief* of poverty. Hence the "paradox" (poverty studies are teeming with paradoxes of one kind or another) that targeted programmes do much less to lift people above poverty than non-targeted programmes. This is a "paradox" that is worth emphasizing, especially in the context of American anti-poverty policy. Cross-national studies show quite clearly that countries that rely more on means-tested programmes (the residual model of welfare) tend to have higher rates of poverty (for example, the USA and Australia). Conversely, countries with the lowest rates of poverty (e.g. Sweden) are often those that emphasize universal and comprehensive programmes (the institutional model of welfare). Indeed, the United States' own social policy operating through its two-tier welfare state shows that it has developed virtually an institutional welfare system for the aged while

retaining a residual welfare system for the working-age population. Not surprisingly, poverty among the aged has continued to decline since the early 1960s, a decline that continued right through the 1970s and 1980s. On the other hand, poverty among families and children stopped declining in the mid-1970s and has been on the rise. Although factors other than social policy are also responsible for this difference, the role of a universal, entitlement-type income transfers policy cannot be underestimated.

However, as Greenstein (1991) among others points out, the distinction between universal and selective programmes is not the whole story. Thus, the US means-tested programme for the aged, viz. the supplemental security income (SSI), differs in a number of ways from the other means-tested programmes meant for the "undeserving". It is national rather than state based, its benefits are far more generous than, for example, those of the AFDC, and it has far stronger support in the community. In short, all selective programmes need not be the same. This is a good point, which is corroborated by Canadian programmes. The guaranteed annual income (GAI) for the aged, the child tax credit and several other tax credits, as well as the American earned income tax credit (EITC) programmes show that targeted programmes may have a useful role to play. Canada has been something of a pioneer in developing *income-tested* programmes, including refundable tax credits, in the context of a more or less institutional welfare state. These Canadian programmes and their potential for reducing poverty may be worth examining in some detail. And here there seems to be a gap in Canadian poverty research that needs filling: little is known about the contribution that the different programmes make in reducing poverty. More generally, studies of the anti-poverty strategies of different nations and their effectiveness in reducing poverty could be very helpful in suggesting the most effective lines of action.

More systematic work also needs to be done – both within and across nations – in comparing different groups of vulnerable population, e.g. the aged, children, one-parent families. For example, one of the most informative and interesting cross-national studies compares the aged and children in a number of countries in respect of relevant social policies, poverty rates, and trends (Smolensky et al. 1988). Among other things it shows how, and suggests why, society has extended adequate social protection to some groups but not to others. More inter-group comparisons of poverty and poverty policies – nationally and

cross-nationally – could be a growth point in poverty research, helping us to develop appropriate strategies for dealing with poverty in different groups.

It is possible to distinguish between two different approaches or orientations to the study of poverty: the "social engineering" approach and the "social structural" approach. This is an ideal-typical distinction and a particular study or piece of research may include elements of both (and some, e.g. conceptual studies, may not fit either of these categories). But overall the distinction is a useful one.

The social engineering approach tends to concern itself with research problems closely related to issues of policy and administration. It could also be described as "operational" research. Thus work on the measurement of poverty, calculation of incomes, and the like falls into this category. The social engineering approach tends to abstract the issue of "poverty" from the larger social structure and sees it largely as an administrative problem that can be solved by policy makers by applying "rational" methods. This also leads to a tendency to reify the "poor" – viewing them as a statistical category of needy persons whose problems are amenable to administrative solution rather than as a range of social groups that are a part of the larger society within which the dynamics of poverty take place. A good deal of poverty research has this operational or social engineering character. To say this is not to detract in any way from the necessity and usefulness of this type of research. It is rather to draw attention to the limitations of this type of practice and policy-orientated research. This should become clear when we look at the social structural approach.

In contrast to social engineering, the social structural approach is not policy orientated – at least not in any direct sense. Its policy implications are often indirect. It is more concerned with the societal institutions and processes through which poverty is produced, reproduced, and sustained. Unlike the social engineering approach, the focus of interest here is not on discrete and concrete problems of poverty policy (measurement, drawing the poverty line) but on broader structural issues and their relationship to poverty. These may include, for example, unemployment, macroeconomic policies, income distribution, deunionization, and urban development. Social structural analysis tends to be more sceptical; it does not, for example, take the professed objectives of government policy – as proclaimed through political rhetoric, etc. – at face value. Approaching poverty in this way can offer a very different

perspective on initiatives, e.g. the War on Poverty, and on questions such as why in spite of the War on Poverty, poverty persists (Weir et al. 1988; Katz 1989).

Whereas the social engineering approach takes a *consensus* view of social problems and their solution, the social structural approach often takes a *conflict* view. It implies that the reduction of poverty entails a redistribution of income, which in turn raises questions of vested interests, the ideology of state action, and conflict. From a conflict perspective, an explanation for the persistence of poverty in the United States may be sought, for example, in the distribution of power and in the capacity of the propertyless to organize and make use of political institutions and processes. Thus the tendency of poor Americans not to vote (another "paradox": "greatest apathy amidst greatest democracy"?) and the recent decline, if not annihilation, of unions in the United States may be important for understanding the persistence of and increase in poverty. In short, a realistic understanding of poverty requires that the politics of poverty not be left out. Although work of this kind does not focus directly on poverty, its critical edge of understanding is important in demystifying and demythologizing American poverty policy and discourse. Scholars such as Katz (1989) and, in a broader policy framework, Weir et al. (1988) offer examples of research of this genre. My own review has focused mainly on "social engineering" type research, but the importance of the social structural approach needs to be acknowledged fully and work that can forge a link between these two types of research should be encouraged.

But how does this distinction relate to my earlier discussion of poverty in terms of conservative and liberal perspectives? To some extent the type or orientation of research cuts across these ideological divisions. Nonetheless, both conservatives and liberals seem to work within a consensus view of policy-making and change. Neither looks at power and conflict as concepts relevant to the analysis of poverty. And it is here that the third or "structural" approach becomes important in widening the parameters of poverty research and shifting the terrain of the discourse on poverty – largely defined by neo-conservatives in recent years – in a different direction. It is perhaps not surprising that the disciplinary base of the structural approach is often history, politics, or sociology rather than economics.

This brings us to the issue of the various disciplines involved in the study of poverty and their respective contribution. There is little doubt that, in the USA at least, economics has been prominent in poverty research. The War on Poverty itself was

based on the belief that poverty could be eradicated through human capital development, labour market participation, and the like. The economics profession was called upon to play a major part in directing and conducting poverty research. In the 1960s sociologists too played a part but later the field was left largely to economists. The Institute of Research on Poverty has, for example, been very largely weighted towards economists. No doubt, from the viewpoint of operational research, economics offers many strengths – modelling, a quantitative approach, methodological sophistication – and these may explain the preponderance of economists. On the other hand, contributions from other disciplinary perspectives, e.g. sociology or politics, have been marginal. These disciplines are more likely to take a social structural approach than is economics – an "abstract" social science. What seems particularly lacking is a synthesis of knowledge derived from different disciplinary sources. This, among other things, is perhaps what makes the work of W. J. Wilson (1987), for example, an outstanding contribution.

What is the place of theory in poverty research? In fact the bulk of poverty research has tended to be atheoretical. Research questions and hypotheses have often been ad hoc, driven by contemporary ideological debates and administrative or political rather than disciplinary interests and theoretical consensus. As Sawhill for example remarks:

> Few researchers have approached the task of analysing the effects of different variables on the poverty rate in the context of a coherent overall model of the process by which income is generated. Although economists are often criticised for devoting too much time to theory at the expense of empirical information . . . I believe that where the distribution of income and poverty are concerned just the opposite is the case.
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> (Sawhill 1988: 1085)

The same may be said of other disciplines as far as most poverty research is concerned. Thus Katz's (1993: 14) judgement that poverty research has "contributed few new ideas and little in the way of theory", though somewhat harsh, is not unfair. This raises the question of whether "poverty research" tends to be abstracted and empiricist, given the applied, policy-orientated nature of the field and given that a good deal of funded research is driven by current policy issues and concerns.

Be that as it may, in the absence of an explicit theoretical orientation on the part of researchers, it is the current dominant ideology that fills the vacuum and shapes the debate and the research agenda. Thus one of the main questions in the recent

poverty debate – namely why, despite large social spending, poverty persists – makes little sense outside the ideological framework of neo-conservatism and the brand of liberalism associated with the War on Poverty. The fact is that the vast majority of industrialized nations spend a good deal more on social programmes than the United States. But nowhere, not even in Mrs Thatcher's Britain, has such a question been posed let alone been the subject of so much research and debate. At any rate the research generated as a result of the debate has been useful in pinpointing the weakness of the War on Poverty and Great Society programmes as anti-poverty measures. Indeed, in subjecting conservative theses on poverty and welfare to empirical tests. Liberal social research has made a solid contribution towards an understanding of poverty and policy. What is lacking – and what is badly needed – is a *codification* of the major findings and generalizations of recent poverty research. This could well form the nucleus of a revised liberal perspective on poverty in the 1990s. For what seems clear is that, unlike conservatives, the liberals lack a coherent and well-grounded viewpoint on poverty and allied issues and how to tackle them in the 1990s. Liberals may need to borrow from both the "structuralists" and the "conservatives" in order to develop a credible framework for the understanding of poverty and relevant policies. The basic assumptions of the 1960s can hardly suffice for the 1990s.

Much of North American poverty research – and I suspect this is true of other regions as well, as one might expect – has been concerned with domestic issues within a national framework. Relatively little has been done by way of cross-national poverty research. Although this is a growing field, especially in the USA, it is a particularly promising area of research and would seem to offer considerable growth prospects. It should help to put the national problems and issues in a broader international perspective, bringing a fresh, new look at domestic issues. It should help to develop hypotheses relevant to national issues and to test, against cross-national data, hypotheses generated through national poverty research. For example, the proposition that universalistic income support programmes are more effective against poverty than targeted programmes could be examined more thoroughly in a cross-national perspective than has been done so far. Finally, cross-national research should help to break down the isolation of national researchers and promote mutual understanding of issues and problems related to poverty. In the past, lack of comparable data has hindered cross-national research on poverty. With the development of the Luxembourg Income Study (LIS) database this deficiency is being overcome.

Both the USA and Canada are a part of the LIS data set as are an increasing number of industrialized nations. Although difficulties relating to data may still inhibit work in this area, there is ample scope not only for quantitative analysis of a cluster of nations but also for in-depth study ("social structural") of, say, two or three nations. Thus a comparative analysis of poverty and the anti-poverty policies of, say, Canada and the USA might be quite interesting and instructive. Thus far, most of the cross-national work has been of a "quantitative" kind; more "qualitative" research would help to redress the balance.

If in the euphoric days of the 1960s and the early 1970s it seemed that poverty could be abolished once and for all, we now know – or should know – better. However affluent a society, it does not follow that income and wealth will be distributed evenly. A rising economic tide not only does not lift all boats, it can upturn, destroy, and sink many boats. It is the task of the social welfare system to ensure that through the redistribution of income and other measures the fruits of economic growth are shared more evenly and that the cost of economic change is not allowed to lie where it falls. Indeed, momentous changes have taken place in global economics and politics since the mid-1970s. The conditions that create and sustain poverty have worsened. Gone are the days of full employment; we now have chronic unemployment throughout the OECD area. Gone are the days of unionized workers being able to negotiate good benefits and wages; we now have a much more fragmented labour market with "flexibility" (i.e. low wages and few benefits) the order of the day. Unions are weak and on the defensive; in some countries, notably the United States, they have been virtually eliminated. Globalization of the economy and the demand for international competitiveness is exerting a downward pressure on wages and on social protection everywhere. Inequality of income distribution and regressivity of taxation are on the increase. At the same time, marriage and family patterns are undergoing significant changes, for example the increase in the number of single-parent families. This is a context in which poverty is likely to rise and will probably remain at a higher level compared with the 1960s and early 1970s – the "golden age" of welfare capitalism. It is important therefore to renew the commitment to fight poverty, to chart the changing nature and incidence of poverty, and to look for new and imaginative ways of preventing and reducing poverty. Final solutions to this age-old problem – whether through a War on Poverty or by the simple expedient of defining it out of existence, not to speak of the creation of a socialist utopia – have proved illusory. The

dynamics of the social and economic structure of advanced capitalist societies – and not only these societies – require that the struggle against poverty be waged perpetually. Perhaps the time has come to open a "second front" at the international level. At any rate, poverty research – both national and cross-national – will have a vital role to play in these developments.

Notes

1. "Poverty research" has been interpreted here somewhat freely. There is an immense literature, especially in the United States, directly or indirectly related to poverty. It is difficult to convey in this paper the range, versatility, and richness of American poverty research. This paper has focused on the work related to some of the major issues around poverty in the past ten to fifteen years. It is therefore, and necessarily, a highly selective presentation. Little has been said, for example, about evaluation research (effectiveness of programmes), an aspect of poverty research where the United States has been particularly strong.

   As for data sources, the paper does not list specific sources. The two government departments responsible for most of the poverty-related data are the United States Bureau of the Census and Statistics Canada.
2. A justification of sorts for this line of reasoning can be found in the Canadian measure of low income (poverty), which is a relative measure and does create some confusion with its changing baseline. However, such problems can be overcome, e.g. by publishing two parallel series of poverty figures.

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