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POVERTY AND THE ROLE OF SOCIAL AND ECONOMIC POLICY

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The framework in which we view the world shapes our interpretation of it and our actions. Most analyses of poverty and inequality focus either on individual factors or on social and economic constraints that are outside the individual's control — which may be referrred to as "structural" factors. For example, unemployment may be attributed to lack of enthusiasm in searching for iobs — an individual factor — or to a lack of jobs — a structural constraint. Again, poverty in one-parent families may be attributed to individual immorality or to a society in which women are dependent on men for economic security. Broadly speaking, those who stress individual factors see people as having free choices which determine their lives. Those who stress structural factors see people as having little force over their own destiny.

In the nineteenth century, poverty in Britain was seen as a sign of moral failure — easily done when drink was so evident. Similarly, imperialism, and much poverty of those colonised, was rooted in assumptions of the inferiority of individuals of differnt races.

Today an individual analysis of the causes of poverty appears to be in vogue in Britain and many other countries. Directly linked with this is the notion that social provisions undermine individual effort. Government, it is argued, should pull back from social policy and leave issues of poverty and inequality to individuals and markets, families and charity. This is claimed by the Radical Right to be a "New Enlightenment". One thing is certain : it is not new. It is the old idea of individualism or laissez-faire. But what a powerful idea and what a strong hold it still has. As Keynes wrote :

> The Economists were teaching that wealth, commerce and machinery were the children of free competition — that free competition built London. But the Darwinians could go one better than that — free competition had built Man. The human eye was no longer the demonstration of [God's] Design, miraculously contriving all things for the best : it was the supreme achivement of Chance, operating under conditions of free competition and laissez-faire. The principle of the Survival of the Fittest could be regarded as a vast generalisation of Ricardian economics. Socialistic interferences became, in the light of this grander synthesis, not merely inexpedient, but impious, as caluculated to retard the onward movement of the mighty process by which we ourselves had risen like Aphrodite out of the primeval slime of Ocean."

Yet as Keynes' essay on the end of laissez-faire continued :

> This is what the economists are *supposed* to have said. No such doctrine is really to be found in the writings of the greatest authorities... the popularity of the doctrine must be laid at

the door of the political philosophers of the day, whom it happenned to suit, rather than of political economists.

Dom Helder Camara once said : "When I give food to the poor they call me a saint. When I ask why the poor have no food they call me a communist". Asking why the poor in Brazil have no food or why in Britain on average the poor have shorter lives than those better-off, cannot be answered in individual terms and inevitably poses questions about social policy and the structure of society.

Social policy has long been concerned with people who, however strongly motivated or rational are unable to respond to economic opportunities and provide for themselves — children and the frail elderly, physically and mentally handicapped people and others. It has also been concerned with those who cannot support themselves due to lack of opportunities. It is to the structural causes of the lack of opportunities that I now turn.

Strucural explanations of poverty have tended to cocentrate on unemployment, inequalities of earnings and the inadequacies of social security. There is no doubt that, if this analysis led to action, policies for full employment and substantially improved social security benefits would greatly reduce poverty in many industrialised countries.

There are, however, certain aspects of this structural analysis which seem likely to be called more and more into question.

The analytic framework adopted in econmics has been largely concerned with marketed production. The value of home production is usually ignored, particularly the productive activities most of us take for granted — getting out of bed, washing, dressing and eating. If everyone could perform these activities then there would be no need to consider them in studying income inequalities. However, young children and many who are disabled cannot perform these activities and assistance to provide such caring services involves substantial costs. Often these costs are borne by the carers but the issues concerning the provision or financing of such of such services has been an increasing cocern of social policy analysts. Most econmists have not shown great interest in this unpaid work. Yet the home economy is crucial for the health, education and socialisation of children. In relation to disabled people, if the income measure used was a more accurate measure of true command over resources, then the effects of inability to provide self-care would be seen as increasing the numbers of both the "money-poor" and the "time-poor".

Another set of problems lies in the conventional use of the family or household as the unit of analysis. The terms "breadwinner" and "head of household" are still commonly used with all their connotations of power and dependency within households. There is increasing evidence of poverty of individuals within supposedly affluent families. This has important implications in that policies which foster more independent and equal treatment, particularly of women, may be indispensable to the relief of *individual* poverty whereas they may appear inefficient or unnecessary as instruments for tackling *family* poverty. Treating people independently and autonomously rather than relying on a harmonious and sharing family system shifts the objectives of social policy fundamentally with respect to employment, social security and unpaid work.

This is most obvious in relation to employment. Full employment is certainly important for any

reduction in poverty. Yet full employment, even if achieved, would still leave a large proportion of women in most industrualisd countris wholly or largely dependent on another person's earnings. If poverty is to be thought of in terms of individuals within families, rather than treating families as indivisible units, then the structure and distribution of employment must come into question.

There is a need for a broader view of structural influences.

Compare explanations of poverty in Britain, or other industrialised countries, with explanations of poverty in the Third World. In analysing the causes of poverty in Britain many studies have concertrated on patterns of economic activity, inequalities in earnings, and variation in household needs according to their size. Policy proposals concentrate on redistribution and tackling the inadequacies of government social security. By contrast, many analyses of poverty in the Third World concentrate on land tenure systems, urbanisation, the status of women. From such analyses come policy proposals on land reform, industrialisation and appropriate technology, family planning and gender planning. The difference in these policy proposals is evident. Our local parameters are very restricted. If we could see ourselves as others see us and recongnise structural influences we treat as given — influences that do change and can be changed — the dimensions of social policy would be enhanced. It may be questioned whether there should as now be one social policy framework for industrialised countries and another quite different one for the Third World.

Individuals live in clumps, work with others, exist in communities that make up cities and are divided into nations on a small planet. Each micro-unit is part of a larger macro-unit — making up a matrix with innumerable levels and complexities ; a constellation of influences. The individual is in many respected shaped by society. But the relationship is interactive and always changing.

Social policy in all its dimensions is concerned with many levels of this matrix. Education policy affects individuals and the wider community and economy. Housing policy affects households and family formation. Health policy affects survival and economic productivity. How these policies work with respect to different groups — different ages, sexes, races, classes — in large measure determines the future of society.

Thinking about social policy as a series of separate, isolated compartments without thinking about their inter-relationship, is a recipe for incoherence and conflict. It is to a considerable extent precisely what has been happenning in Britain and many other countries recently.

Social policy has been far too concerned with outcomes, and not enough with opportunities.

Social administration — the caring, sharing, soul -baring,conscience-salving approach — has tended to approach poverty as purely a matter of redistribution in a static world.

Benefits for the poor can be increased by higher taxes on the better-off. Low pay can be cured by minimum wage legislation. This is a world in which government intervention has been assumed to have little impact on individual behaviour and be invariably preferable to the jungle law of private markets.

Yet, there is every reason to believe both in theory and from evidence that the nature and extent of redistribution affects behaviour of many types : work effort, family formation, saving and mobility. To say this is not for a moment to suggest, as some do , that unemployment benefits are the primary cause of unemployment. Rather it is to acknowledge that a social security system which

now distributes one-sixth of total personal income is bound to affect the choices facing people and their decisions.

Those taking a static view have tended to emphasise redistribution or expropriation from the rich. A more dynamic view would emphasise controlling unfair advantages of the prosperous and improving the opportunities of those worst off. For example in the housing field, green belt legislation is very nice for those with rural views but scarcely assists labour mobility for those needing housing where there are jobs. Again ,paying European Community farmers three times or more the world price for wheat, barley, butter and sugar[3]may enhance their prosperity very substantially, but it is at a terrible cost to Third World farmers. How far should the prosperous be able to purchase the opportunity for a healthier and longer life ? Why should the state spend more on educating those with more advantages, as it does now, rather than on those with less advantages? Such questions are inescapable if one takes a dynamic view of poverty and endorses the argument of Jane Jacobs when she wrote :

> "To seek 'causes' of poverty...is an intellectual dead end because poverty has no causes. Only prosperity has causes. Analogically, heat is a result of active processes ; it has causes. But cold is not the result of any processes ; it is only the absence of heat. Just so, the great cold of poverty and economic stagnation is merely the absence of economic development. It can be overcome only if the relevant economic processes are in motion."[4]

If the focus is on opportunities then it makes no sense to think of the poor in isolation, stuck at the bottom of society. Poverty must be seen as part of broader economic inequality.

Concern with inequalities in outcomes, and to some extent with poverty itself, has led to a relative neglect of inequalities in opportunities and their causes. Yet it is the latter that are of greater long-term importance. Here it must be stressed that opportunities are not the same thing as incentives : having a genuine opportunity to do something requires much more than a financial incentive. Policies which give financial incentives in an economic structure that offers few genuine opportunities to the poor are as futile as policies which address structural problems but offer no individual incentives.

Social policy should be far more cocerned with opportunities and allow for, indeed foster, independence and diversity of outcomes. It cannot be based solely on doing things *for* people but must tap the capacities and experience of those affected. Most people are only too keen to stand on their own feet. But this is difficult without a secure foundation.

It no longer makes sense, if it ever did, to think of social policy in isolation from economic policy.

Social policy was for three-quarters of this century in Britain broadly accepted as a "good thing". As and when resources were available from the real world of industrial production — a world of glowing ingots and smoking chimneys where the only thing refined was the oil and all the work was done by men — the social services could be expanded and the poor relieved. Social policy was sanctified, secondary and separate ; many found this veil of virtue mildly sickening but it at least made social policy hard to criticize. Times have changed.

Social policy, I suggest, has in the past been excessively concerned with certain types of provi-

sion *for* people — with that amorphous collection of historical accidents"the social services" — and has neglected people as producers. Social policy has been used as an all-purpose sweeper to pick up the pieces that fall as a result of changes in the economy and society. Still vastly more attention is devoted to picking up the pieces than to preventing problems.

Richard Titmuss expanded the study of welfare and income distribution to embrace not merely publicly provided services — social welfare — but also fiscal and occupational welfare. Feminist writers on social policy, such as Jane Lewis, have advanced to include unpaid work in the home, the so-called "labour of love". Challenging though the task is, social policy now needs to embrace the whole sphere of work. We can no longer think in a sensible or relevant way about the distribution of income without thinking at the same time about the distrbution of work, both paid and unpaid. Economists have tended to coucentrate on efficiency and the level of production, neglecting how the opportunities to produce are distributed. Yet the right or responsibility to work and produce is so important in our society both for men and for women that no social security system can adequately compensate for its loss. Thus the guarantee of employment, with the government as guarantor of last resort, and the child care services needed to make this possible, would seem to be essential elements of an equitable social policy, and of an equitable economic policy.

The implications of economic growth for social policy are so great that, again, it is impossible to separate issues of economic and social policy. Some now advocate a residual role for social policy, with the state providing only a subsistence minimum. But as Britain Abel-Smith wrote a few years ago :

> With rising standards of life, a belief in a subsistence minimum is a belief in ever-increasing inequality and class distinction. Make no mistake about that.[5]

Arthur Lewis saw a clear relationship between economic growth and social divistion :

> The most effective destroyer of discrimination is fast economic growth. This creates a shortage of skilled workers and incites employers to upgrade persons and jobs... Tightness in the labor market also reassures skilled workers, making them more willing to accept liberal policies.

How far this is true in Britain today is, alas, open to question. The assumption that the benefits of growth "trickle down" to the poorest areas and groups in society is increasingly dubious.

Thus in a number of areas the relationship, and supposed conflicts, between social policy and economic policy need to be reassessed.

The welfare state with very extensive government intervention in both social and economic policy is, in my judgement, here to stay.

One reason is that there is a large measure of common interest in living in the type of intergrated, urbanised society that Britain and Japan represent, and towards which the whole world seems to be heading. For an integrated, cohesive and civilised socity, social policy must enhance opportunities for all — not just the privileged. There is, therefore, no alternative to a continuing and central role for the state. The reality under the present British Government is that a massive role for the state continues — even if the rhetoric might suggest the opposite — but within public finance priority is given to the prosperous. Britain lacks a coherent policy to enhance opportunities for all and divi-

sions in society grow deeper.

A second reason is that there is a human concern to shape the society we live in, and not to accept markets, media or megalomaniacs as gods. To quote a wise scholar:

> "more and more regions of life formerly considered part of the 'thusness' of the universe, providentially ordered, are coming under human control, and therefore present inescapable problems which demand answers of responsibility, not of evasion."[7]

A third reason is that there continues to be a strong sense of social fairness. In Britain, for example, debates about health service funding are still more about means than about ends. No serious politician in Britain challenges the right of poor people to health care. Fatalistic acceptance of poverty and extreme inequality has gone and can never return — any more than belief in the divine right of kings can be restored. The power of the idea — and the ideal — of emancipation from poverty throughout the world will, I think, be seen over the next few generations to be irresistible.

The work of Professor Takashi Takayama with its international scholarship and its commitment to studying and tackling poverty and its causes provide living testimony to the worldwide quest for policies that will achieve a fairer world and an end to poverty.

This paper is based in part on Professor Piachaud,s Inaugural Lecture delivered at the London School of Economics on 5 May 1988.

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