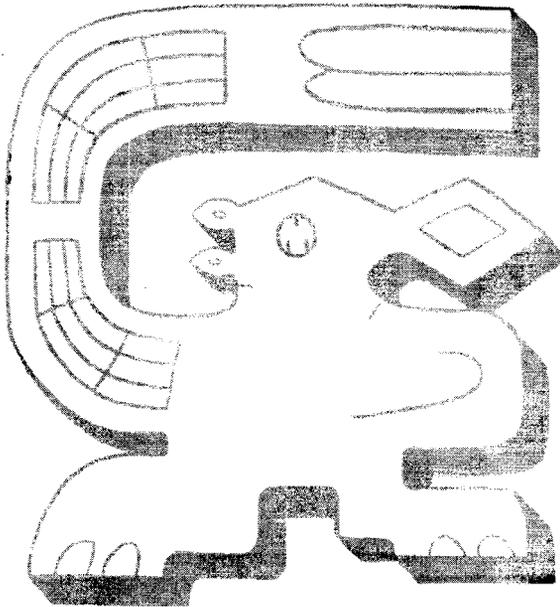


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Poverty as an Issue in Development Policy:
A Comparison of United States and
Underdeveloped Countries

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Poverty as an Issue in Development Policy: A Comparison of United States and Underdeveloped Countries†

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THIS ESSAY presents an effort to think through the general question of whether attempts to mitigate poverty in the United States and in under-developed countries present comparable and even similar issues in public policy.

The United States government and the American people are engaged in two major programs intended to mitigate poverty: the anti-poverty programs in the United States, centrally through the Office of Economic Opportunity; and the foreign assistance programs for the development of the less developed areas of the world, principally through the Administration for International Development (hereinafter referred to as AID) and the United Nations' agencies.¹ The question arises naturally, therefore, as to whether the lessons to be learned from each of these two separate programs have significance for the other.

The differences in these two type situations—of the United States and the less developed countries—are obvious and even formidable. The United States is a highly developed country with a long history of growth, scientific and technological achievement, and a remarkable system of production and firmly established institutions and public procedures. The underdeveloped countries are in varying degrees in the early stages of modernization and even of nationhood. The proportions of the poor are different and, however severe the plight of the

poor may be in the United States, the poverty-stricken in the United States are only beginning to be a drag on the total system of state and economy, as is characteristic of the poorer underdeveloped countries, where the poverty of the many weighs down the whole system. Poverty in both situations reports either a failure of development, or the failure to include all the people in the functioning system of state and economy. In a single phrase, the poor are the "excluded" people.

"The bulk of today's poor" in the United States, reports The 20th Century Fund study, "are not poor because of temporary interruptions in the workings of the economy, but because they are outside the economy."² A similar observation was made recently by the National Advisory Commission on Rural Poverty, "For all practical purposes, then, most of the 14 million people in our poverty areas are outside our market economy.

† This is a partial report of a research effort undertaken by support of the Institute for Research on Poverty, University of Wisconsin, assisted by K. Kangayappan and A. Strang.

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¹ This formulation implies that the mitigation of poverty is a primary criterion of achievement in national economic development. Although such is not the general view of development economists, it has been endorsed by several including Jacob Viner, Gunnar Myrdal and Laughlin Currie.

² Oscar Ornati, *Poverty Amid Affluence* (New York, New York: Twentieth Century Fund, Inc., 1966), p. 125.

. . . They are on the outside looking in, and they need help."⁸ But a considerable number of those poor, particularly the Negroes, have been outside the political system. At best they have been second-class citizens. By the combination of circumstances the poor are also virtually outside effective educational systems. It is for such reasons, which become greatly magnified when one looks at poverty in the underdeveloped areas, that the distinctions between the "excluded" and the "included," between those who are rightful participants in the commonwealth and those who are not, become meaningful in the considerations of poverty.

I. General Orientation

It is necessary, of course, if this inquiry is to function in the current discussions of poverty in the United States, that the analysis get on a common footing with other inquiries by accepting a definition of poverty that is currently meaningful. But beyond this, if comparisons are to be significant across national boundaries, the definition of poverty needs to be meaningful and operationally relevant in both the United States and the less developed countries. In this inquiry, centrally, we seek insights into the nature and requirements of public policies for the mitigation of poverty. We are little concerned, therefore, with the distinctions among disciplines—but rather aspire to follow the argument toward a productive formulation of policy issues. It is necessary to accept responsibility for some "value judgments." There are fundamental differences between the problems of valuation in personal judgments about individual conduct and in the public judgments of public policies. The former

we would leave, ideally, to conscience, education, and even arbitrary preferences within zones of private discretion made secure through public procedures. But the public values of public policies need to be public. Here we need, and have devised in our society, reasonably objective political, judicial and administrative procedures for assuring, or at least providing, a reasonable prospect for the great public purposes of order, freedom, security of expectations, equality and the dignity of the individual. This is achieved through the relatively secure establishment of great public values as possibilities in social organization. The establishment and vitalizing of such great public purposes are at the core of public and social policy in a free society; especially, one is tempted to add, for public policies that mitigate poverty in ways consonant with a rewarding and dignified privacy. The effective realization of such public values requires that all classes should enjoy full rights of political citizenship.

We accept as a major hypothesis that, in a free society, public policies are made operative principally by modifying the rules of joint action, i.e., social organization. In this way the activities of citizens are modified, induced, or directed by (a) changing the structure of opportunities and the inducements for willing participation rather than by direct compulsive orders to individuals, and (b) by educational, health and other programs to develop the abilities of people—especially the young.

Since we are attempting comparisons among countries at different stages, or enjoying differing degrees of economic

⁸ President's National Advisory Commission on Rural Poverty; *The People Left Behind*, p. x.

development, it is essential that the argument be rooted in development interpretations or theories. In short, programs and policies need to function in a generative context.

One implication of the preceding hypotheses, or postulates, is that public policies for the mitigation of poverty need to have more comprehensive terms of reference than optimum resource allocation supplemented by maintenance of a high level of employment opportunities. The argument as it is developing here is that public policies for the mitigation of poverty need also be formulated with systematic reference to generalized conceptions of rightful participation or status in the political, economic and social order. In short, they need to be evaluated in terms of movement toward a Great Society as well as movement toward the optimum utilization of resources.

Finally, we need to recognize that poverty is the natural state of man, to which condition all people everywhere tend to sink. The significant questions for anti-poverty policy therefore are those concerned with how mankind achieves freedom from want. In a free society such an achievement is the responsibility of citizens, basically of heads of families. It is essential therefore to distinguish among situations, or circumstances, where failure to overcome the natural drag toward poverty is due to the failure of will, effort, or abilities of responsible citizens and where the failure is due to a lack of objective opportunities. Such consideration suggests why it is essential to go beyond the mere identification of the characteristics of poverty and focus analytical attention on the procedures for overcoming or avoiding the poverty drag.

II. Kinds of Poverty

Poverty is a threshold concept. Persons receiving (or having access to) current incomes below specified minima are considered to be poor. Such a threshold minimum is a matter of judgment and factual determination. Students of poverty recognize that a poverty line of \$3,000 of family income is not equally meaningful for persons with small and with large families; for persons in large cities and the open country, and so on. It is equally clear that a level of minimum income considered acceptable, as the poverty threshold in a developed country, would be completely unrealistic in an underdeveloped country. The Commission on Rural Poverty made estimates of the incidence of poverty, by adjusting the general criterion of \$3,000 of family income as the poverty threshold, to take more precise account of rural conditions. By their estimates, 25 percent of the rural people are classified as poor, in contrast to 15 percent for the total urban population.⁴ We find it useful to distinguish the poor, by major groups, according to the nature of their status in their respective social and economic systems, and by the prospective types of remedial and constructive action needed to mitigate poverty.

The Poor and the Non-Poor. The poor in any country are those persons who do not participate adequately in the modernized sector of the national economy. More precisely, the non-poor do participate in the modern sector in a manner which lifts them above the poverty threshold. Many of the poor lack the requisite abilities to participate. One implication of this participation dis-

⁴*Ibid.*, pp. 3, 7, 8.

inction between poor and non-poor is that the individual—really the family—has the implicit obligation for escaping from poverty or lifting himself above the poverty threshold, a social obligation to attempt to participate in a productive and effective manner in the economic system. That is, man is a self-willed creature with some capacity to develop his own abilities and overcome obstacles. This implicit assumption of responsible conduct is evidently characteristic of all societies, although there are vast differences in the degrees of freedom accorded to individuals regarding independent action for economic advancement.

Within such general characterizations, we may tentatively and hypothetically distinguish a number of significantly different kinds of the "poor."

(1) *The dependent poor*—these are the true "welfare" cases. They are the people, in a general way, who are *not* members of families with sufficient capacity to provide a minimal income. Here are to be placed the ill and the aged without means; the incompetent without family support; the orphans and children in broken families where the mother is not able to both care for the children and undertake employment to provide a living for them. Even the number of children in one nuclear family can, of course, become too great for even able-bodied and willing parents to provide for.

In the United States the social security system has been directed centrally to the avoidance or mitigation of this welfare type of poverty, replacing or reducing the earlier reliance on charities. On implicit purpose of this set of programs has been to strengthen or support nuclear-family ways of living. Most of the financial support has come from contributions out of gainful employment.

In principle this approach represents an integration of rightful support for family living during old age and years of dependency with careers in gainful employment, in a manner somewhat like the combined family-economic unit of a pre-industrial era.

How many of the people now supported by the United States welfare programs are capable of becoming self-supporting through additional training is problematical. In a recently reported study it was concluded that less than one percent (50,000) of the 7.3 millions of people on welfare are "capable of being given job-skills and training that would make them self-sufficient."⁵ Virtually all of the recipients of such welfare payments were aged, severely handicapped, children lacking parental support and the mothers of dependent children. Although we may presume that many of the mothers and most of the children will become employable and self-supporting as the children mature, their places in the welfare programs will, no doubt, be taken by members of families similarly situated.

In the underdeveloped world generally, the responsibility for coping with this "welfare" type of poverty has been the extended family. Since the extended family is almost always weakened in the process of development, vast numbers of people are being left in unprecedented poverty in the underdeveloped world, due to the social disorganization endemic to processes of growth.

(2) There are the unemployed poor in industrial and urbanized societies. Since any family, except those with sufficient property endowment or annuity income,

⁵ *The New York Times*, April 20, 1967, p. 1.

is likely to sink below the poverty threshold of income with the loss of gainful employment, the employed who become unemployed present a major problem in industrial societies. These challenges are met in many ways: by temporary unemployment compensation; by retraining to offset technological unemployment; by economic growth policies to achieve or maintain "full-employment" and policies for economic stabilization to avoid temporary unemployment. For the unemployed, "remedial" policies for coping with poverty shade into policies for overcoming underemployment and the avoidance of poverty.

(3) There is the poverty of the underemployed. The poverty of the underemployed, when viewed in global perspective, is centrally the poverty of underdevelopment, or of uneven national development. Extensive underemployment in developed countries is characterized by the withering away of traditional economic opportunities made obsolescent by economic growth or made inadequate by enhanced expectations. The underemployed are the people left behind by economic growth, but who still struggle to survive in traditional ways: on small farms, in obsolete crafts, in economic isolation, etc.

The most common set of characteristics in underdeveloped countries producing poverty through underemployment is the crowding of people into the traditional subsistence sectors. People are crowded into and hang onto a career in subsistence agriculture for want of other alternative employments. Even though these people may have mastered the skills and have the abilities of their forefathers essential to a career in traditional agriculture, the opportunities are not available. Similarly, people crowd into petty-trading, domestic-services, etc. in a strug-

gle to survive where population growth exceeds the rates of growth in opportunities in the modern sectors. This poverty of the underemployed in the traditional sectors of underdeveloped economies is undoubtedly the most common case of poverty in the world.

(4) The uprooted poor, as we read history, are increasing at a more rapid rate than any other class. The great fact about these rootless people is that they gravitate to centers of population, regardless of their prospects or qualifications for a decent survival there, or they are born into rootless families who have themselves so drifted.

In the United States the uprooted poor are likely to be Negroes, Puerto Ricans, Mexican Americans, or hill people abandoning their native coves. The despairing youth of these groups are now the principal activists in the disorder and riots which are rocking one American city after the other.

In the underdeveloped parts of the world the rootless people seem to be largely urban refugees from a traditional subsistence economy which has failed them. This failure has produced or is associated with a striking degree of social disorganization, including the disintegration of the extended family as the basic economic and social unit of society.

As one searches for ways of avoiding or minimizing the four kinds of poverty hypothetically differentiated in this comment, three may be considered to be essentially outcomes of failures of development. The "welfare" type of poverty requires welfare measures; but the other kinds in this characterization can only be avoided or mitigated by development programs.

III. Issues on the Policy Horizon

The Changing Perspective on Poverty in the United States. Our concern with poverty in the United States is not something new. But the contemporary tone is different. In earlier decades, if our reading of history on this point is accurate, we tended to identify programs for the mitigation of poverty with programs for the advancement or protection of a class or group with other major identifying characteristics. The labor movement was initially a defence mechanism for workers, designed to keep them out of dire poverty through protection from the competitive menace: unfair labor practices, scabs, arbitrary firing, and unemployment. We have had almost a century of farmer movements, with the most militant wing still fighting in the original spirit of trying to protect farmers from the vagaries and inequities of a market system. Now poverty, as such, is recognized as a problem. Probably the greatest stimulus to the recent concern about poverty has come from the civil rights movement.

As economists react to such major shifts in what we might call the social climate of the poverty issue, they respond in terms of the current formulations of the general issues of economic policy. Since we now have massive economic findings derived from national income accounts, economists are approaching poverty in terms of levels of income and the general functioning of the economic system.

To interpret this change in simplest terms, even grossly oversimplified terms, we may say that as late as the early 1930's the dominant views of economists, at least the views reflected in public policy, were essentially that the economy was a self-regulating mechanism, in relation to which the government should serve as an umpire, an enforcer of the rules

and the maintainer of public order. Although there had been major moves toward collective action, these too were thought of principally as ways to arrive at a more satisfactory self-equilibrating condition than could be had by reliance upon individualism.

As far as poverty policy was concerned, such views meant that poor relief was a responsibility of local government and local charity. During the latter decades of the 19th century especially, poverty, beyond the plight of the widows and orphans, was viewed as an affliction of the incapable, the distress of the imprudent and even the starvation of the idle.⁶ In more general terms, from the perspective of economics, it was assumed that there were economic opportunities for all willing to work, and that people could somehow acquire the abilities and the training needed to qualify for work. Thus poverty was to be considered largely as a consequence of personal delinquency. But whatever the explanation, and we are aware of the grossness of this characterization, our national policy until the 1930's was that the relief of poverty was not a general responsibility of the National Government.

The Keynesian revolution in economic, the New Deal, and the demonstration by World War II of the amazing capacity of modern national economies, changed all this. For 25 or 30 years we have been exploring the possibilities of full employment and sustained effective demand. Now, in the United States we have a general consensus that reasonably full employment must be a major objective of public policy. To the degree that the full employment policies succeed, the poor are the unemployable—for whatever reasons.

⁶The phrases are from Herbert Spencer.

We have, in the past 20 years and especially in the last 10, begun to consider the problems of employment and poverty in more localized terms. The area development act, or redevelopment act, attempts to deal with employment and development on a local area or community basis. Along this general idea, we have countless local community efforts to save industries, or bring in new ones, etc. More recently we have the Appalachia area program, also aimed at poverty and unemployment but relying more upon the stimulus of investment in social overhead capital, especially highways, to bring a greater measure of prosperity to the region—which of course could function by enabling the poorer folks to more easily escape the area. The latest national effort, or set of programs directed toward the poverty problem, is called officially the Economic Opportunity Act.

Although we still refer officially to opportunity, the programs being devised under the Economic Opportunity Act are in fact directed toward improvements in the abilities and capacities of people to occupy opportunities. With this broadening of the emphasis to include both the structure of opportunities and the nature and development of the requisite abilities we are moving back toward more of a general social science view of the nature of poverty. While poverty is at the core an economic problem, we find that chronic poverty is to be understood only in terms of limited abilities, broken families, poor health, deprived childhood, inadequate education, discrimination, and so on.

By the same token we are also, it seems to me, coming to a view of poverty and the implied dimensions of poverty policy which are comparable in many significant ways with the nature of poverty

in underdeveloped areas. That is to say, we have a double problem in poverty: There is (1) a major question of the extent and availability of economic opportunities but (2) there is also a major problem of the abilities or the capacities to qualify for, to occupy economic opportunities, once available.

The Coordinated Development of Abilities and Opportunities. The effective utilization of human resources requires that abilities be commensurate with opportunities. In an occupation, an opportunity is occupied. A career requires both that objective opportunities are accessible and that the persons have the abilities to match the opportunities. Thus there is a reciprocal involvement between abilities and opportunities so that abilities cannot be developed beyond rudimentary levels in the absence of accessible opportunities. And opportunities can neither be understood nor occupied without the requisite abilities. The development and expansion of opportunities require distinctly different policies from those for the development of abilities as exemplified in the supplementation of the United States Employment Act of 1946 with the recent Economic Opportunity Act. The common ground of fact and policy in the United States and underdeveloped areas on the interrelationships between abilities and opportunities may be noted by considering first a situation of undevelopment.

In a traditional subsistence economy (discussed below) the natural world is confronted by humanity as an array of natural opportunities. Peoples survived as they developed the abilities to exploit or use this natural world. Economic development both expands and modifies the objective nature of such opportunities. Physical science and technology, and the accumulation of physical capital

increase man's potential control over physical nature. Whether this increased potential is utilized depends upon the development of the appropriate abilities. Correlatively the development of exchange facilities, both physical and institutional, change the realizable potentials for division of labor and mutual benefit.

The deepest meaning of balanced growth in development, accordingly, is the concurrent growth in exploiting both control over physical nature and in the potentialities of increasing interdependence among men. Natural opportunities for survival are supplemented, and eventually largely supplanted for individuals, by adding a market dimension to natural opportunities. As the nature of opportunities changes so must the nature of abilities. One general way of defining the poverty problem, then, is to view it as a consequence of disequilibrium between rates of change in abilities and opportunities. This possibility may be visualized in a number of ways.

(1) In a traditional subsistence system of economy, the quality of resources may deteriorate. This may come about, and has come about over vast areas of the earth, by the destruction of soil and plant cover and even animal populations through drawing upon nature at rates exceeding those of natural regeneration. The imbalance may be aggravated by the introduction of modern machines for the exploitation of timber (especially) which completely alters the balance of nature. These types of destruction may be hastened and are being hastened by unprecedented growth of populations. A people may also lose the skills basic to survival. The outcomes of such failures are starvation and even the disappearance of a people. The poverty of much of contemporary Africa is consequential from this type of disequilibrium.

(2) At the opposite end of the development spectrum in an investment oriented economy, as the United States, rapid technological change embodied in new capital, combined with urbanization and the relocation of industry, is not only making traditional skills and occupations obsolete but whole communities are reduced to dependency upon debilitated natural opportunities. This is the case in Appalachia. One of the critical issues in policies to combat rural poverty is thus the geographical structure of opportunities. Unless viable economic opportunities can be created and sustained in rural areas, it will be necessary for people to migrate. To meet this issue the Commission on Rural Poverty recommended that rural development programs should be designed in terms of multi-county area development districts.⁷

Policies for optimum resource utilization or the maintenance of high levels of employment must become particularized in terms of both the nature of needed abilities and the varieties of opportunities. This particularization is basic to the recent emphasis upon both high-level manpower requirements and investment in human capital. The expansion of opportunities through the various kinds of investment seems to be both easier and in some degree prior to the development of abilities. But regardless of the achieved level of opportunities, people lacking in abilities to participate productively and effectively will be poor in any system based on self-responsibility.

Development as the Modernization of the Subsistence Sector. If the poor in any country are those persons who do not

⁷ *The People Left Behind*, pp. 103-108.

participate adequately, or sufficiently, in the modern sector of a national economy, then an approximate formulation of poverty as a consequence of the failure to develop may be afforded by the two-sector model of development of "capitalistic" and "subsistence" as formulated by Arthur Lewis and presented under the title of "Economic Development with Unlimited Supplies of Labor."⁸

In the Lewis two sector model of an underdeveloped country one sector is called the subsistence sector, the other the capitalistic. The major characteristics emphasized by Lewis are that the subsistence sector uses little reproducible capital while the capitalistic sector uses reproducible capital and pays the owners of capital for its use. In Lewis' formulation, the subsistence sector supplies unskilled labor to the developing capitalist sector at a wage somewhat above the real income available to a person in the subsistence sector, originally estimated at 30%. In the densely settled, or overpopulated countries in which populations are still expanding, Lewis postulated that there would be so many people available as unskilled laborers that the supply of such could be taken as unlimited for significant periods of time; that is, there is room for a major expansion of wage employment of unskilled workers by capitalist employers without using up the surplus and bringing out a rise in wages.

It is useful to expand, or rather to consider explicitly some of the meanings implicit in the term subsistence economy. It is important to note that the subsistence economy is basically a traditional economy. People earn their living with the use of a few homemade tools, using skills which they learn in the community, largely from their families. In short this is the kind of an economic system

which people have achieved in all parts of the world out of the struggle to survive, without benefit of scientists, economists, lawyers, or even dependable public order.

Probably there are no purely subsistence economies in the world today but some such limiting concept seems to help in indicating whether and in what way, or along what pathway of transformation an "original" economy has been modified by modernization. This formulation seems to say that, since most of the people in an underdeveloped country live in, or survive by participation in a subsistence economy, that is where they and their children will remain unless they are moved into the modernizing-capitalist sector. Although the subsistence sector is not wholly agricultural but includes handicrafts, petty trade, household services as well, still the predominant numbers are in agriculture. What this means in effect is that the subsistence sector of an economy becomes the refuge for all the people who are not included in the modernizing-capitalistic sector. It is only a slight exaggeration to say that agriculture becomes the refuge for the poor—for all the people who can't find anything else to do. For all of the "time of man," one might say, anyone who could not survive otherwise has had something of a "natural-right" to an opportunity to survive by tilling the soil or grazing a few animals. This might even be called a major social-ethic of civilized living since the dawn of history.

There are two major circumstances in underdeveloped countries which give

⁸ A. W. Lewis, "Economic Development with Unlimited Supplies of Labor," *Manchester School of Economics and Social Studies*, Vol. XXII, May 1954, pp. 139-191.

great significance to the poverty of the subsistence economies. One is that all over the world the traditional-subsistence agriculture (including grazing) economies are running down; the new areas are filling up and the old areas are wearing out due to soil wastage, deterioration of cover and other abuses. The second major circumstance is that the marked increases in population in recent decades threaten to swamp the subsistence economies, particularly agriculture. Yet in country after country there is simply no prospect in decades of increasing industrial employments at a sufficiently rapid rate to absorb the surplus population. Thus, although the number of people without alternative opportunities is increasing yet it is becoming less and less possible for the poor to find a decent refuge in agriculture. On this basis one must expect that the cities in the less developed countries will be increasingly overrun, and even swamped, with people fleeing from rural poverty. In any case, until quite recently, the general practice and policy of using agriculture as the principal refuge for the surplus poor, has enabled national populations to grow and multiply over decades with a minimum of development, development planning, or disturbance to the more prosperous few.

Similarly, a truly careful historical analysis of the poverty in rural America, would almost certainly show that a fairly large proportion of the rural poverty is of the refugee type. That is, the rural poor are refugees from industrial, mining and timber economies as well as from agriculture into a rural subsistence economy in a manner quite similar to that so prevalent in the underdeveloped countries. Anyone who can remember back to the depression days of the late 20's and especially the early 30's, may

recall how the old houses in the country filled up. We even had a national "Subsistence Homesteads" administration dedicated to provision of shelter and a plot of land to the unemployed. The people who sold apples on the street corner, or built roads by using hand shovels and wheelbarrows were also reverting to pre-capitalistic, subsistence measures, in the attempt to survive. Those not included in the capitalistic economy sought survival in the subsistence economy.

In the United States, refuge in a subsistence economy is no longer a feasible (or an acceptable) alternative. The subsistence economy has, in effect, withered away. Thus the poor, those who cannot or do not participate (adequately) in the capitalistic economy, have nothing to fall back on except public welfare and charities. Although this withering away of the subsistence sector of any economy is a "natural" part of the development process, it need not be an inevitable part. A rational national policy could be devised which would give more attention to transforming the subsistence sectors of a national economy through adding a cash dimension in ways which reduced the poverty of those born into the subsistence sectors and thereby reduced the flight to cities.

Although the withering away of the subsistence sectors of the American economy has led to mass migration to cities, with almost endless prospects for urban disorder and decay, the American economy no doubt has the capacity (if directed to civilian needs) to cope with the problems of needed development and reorganization.

Should it come to pass in the presently underdeveloped countries that the subsistence sectors also wither away and become as unattractive, relatively as

in the United States, it is doubtful whether many of the countries could avoid the drag into a Haitian type of poverty. Put simply, if the cities of the underdeveloped world are to remain habitable, in a civilized way, then it seems virtually necessary that ways be found to modernize the subsistence sectors in place, especially agriculture. The United States experience on this point should serve as a warning.

Poverty in the Context of an Inclusive Social System. If the people of any country avoid poverty by achieving an effective participation in the modern sector of a national economy and, if public policies in a free society are made operative by modifying the working rules as argued in this essay, then it is essential that anti-poverty policies should have intrinsic terms of reference to the nature of the economy as a system of human relationships. As a minimum this system must embrace state and economy as an integral unit. This follows from the elementary fact that it is the sanctions of the state in enforcing the rules and the other powers of the state for providing public services which literally create the national systems of economy. This is done through creating security of expectation through public order, the enforcement of contracts, the sanctioning of corporate organization, the establishment of property relations, and countless more. In addition, there is a myriad of services essential for development (education, public utilities, etc.) which can in fact be supported only by the state.

This integral relation of state and economy in the development process helps to explain both the ineffectiveness of development policies in underdeveloped countries and why politically disadvantaged groups in the United States,

particularly the Negroes, are also at a disadvantage economically.

Under a system of representative government the powers of the state, federal, state and local, are likely to be used to favor the demands of the represented. Over time the advantages and disadvantages accruing to different groups tend to be cumulative. The Negroes are an extreme case in the United States, where poor public services, inferior job opportunities, poor housing, etc., all combine to make the Negro less qualified for participation in a modern economy. As the civil rights movement corrects the lack of political representation, massive, compensatory programs of public services are both demanded and needed.

The underdeveloped countries are typically ruled by oligarchies, in ways which amount virtually to "private ownership of government."⁹ This means that great masses of people (in many countries most people) not only live in a subsistence economy but are lacking in effective citizenship. Under such circumstances it is not to be expected that the powers of the state will be used to strengthen programs of development which are of much benefit to the poor.

The experience of the United States is now demonstrating also that effective participation in a modern economy requires that people have the abilities appropriate to the opportunities which they would occupy. In fact one of the basic premises of the current anti-poverty programs in the United States is that the community, home and school influences which have shaped the poorer individuals must be supplemented or modified if the poorer people are to be able

⁹ H. A. Wallace, *New Frontiers* (New York, New York: Reynal & Hitchcock, Inc., 1934), p. 39.

to qualify for effective participation in our contemporary economy.

If public policies for the mitigation or avoidance of poverty (i.e. the avoidable non-welfare types of poverty) are to take systematic account of the shaping or "production" of individuals in the social process and this development of individuals is to be viewed as an economic process, it is necessary to supplement or extend the conception of the individual in theoretical formulations. Economic analysis in the more rigorous formulations posits a given individual: this is conformable with the simple fact that the active labor force of an economy is constituted of adults. Similarly, in politics the franchise is reserved for responsible adults. But the social process which shapes and mis-shapes individuals is more inclusive. All are included, all their lives. And we are beginning to see that societies characterized by social disorganization are likely to produce frustrated people who are not qualified for effective participation in either state or economy. The prospective consequences for state and economy of the social disorganization which engulfs traditional societies as they move toward modernization are of much greater dimensions in developing countries, as in India today.

To sum up, chronic poverty is to be considered, to a significant degree, as among the consequences of the failure to develop an adequate integrated system of state, economy and society. This seems to be approximately the view of Kenneth Boulding in the observation that "poverty is not a condition of the individual person but is always a condition of a society or of a subculture within a society . . . Poverty is the product of social systems. Some cultures and subcultures breed poverty as surely as a

waterfront breeds rats. Other societies and subcultures pursue unremittingly the long, hard climb out of poverty."¹⁰

That persons should have rightful status in both state and economy is not a new idea. Some 400 years ago, Sir Thomas Smith, Secretary to Queen Elizabeth I, formulated the idea of commonwealth out of the historic experience of England. He published a small book called *The Commonwealth of England*.¹¹ The leading idea of Sir Thomas was that participants in the commonwealth have both political and economic status. The commonwealth was both state and economy. Smith classified the participants in the commonwealth into three groups: the barons or lords; knights, esquires and gentlemen who live without manual labor; and the yeoman farmers. These were the "included" groups in 16th century England. The fourth class was composed of day laborers, poor husbandmen; merchants or retailers who own no free land: tailors, shoemakers, carpenters, brick makers, masons, etc. This fourth class included the "lowest and rascal sort of the people."¹² As Sir Thomas Smith observed—these nonparticipating people have "no voice nor authority in our commonwealth, and no account is made of them but onlie to be ruled, not to rule others, and yet they are not altogether neglected."¹³

Thus the people with "voice" and "authority" were the few classes of land

¹⁰ Kenneth Boulding, "Reflections on Poverty," *Proceedings of the Social Welfare Forum* (National Conference on Social Welfare 1961) (New York, New York: Columbia University Press, 1961), p. 45.

¹¹ Sir Thomas Smith in *The Commonwealth of England, 1806*, originally published in Latin, 1567; in English 1589. References are to 1806 edition, and follow the discussion in J. R. Commons, *Legal Foundations of Capitalism* (New York, New York: Macmillan & Co., 1924, 1959), pp. 31-47.

¹² *Loc. cit.*

¹³ *Ibid.*, p. 46.

owners. In modern terms, the landowners belonged to and controlled the establishment. They were the "included" ones; the rest were excluded—only to be ruled, not to rule others.

In the four centuries since Sir Thomas Smith's writing the "excluded" classes have been gradually winning their way into the commonwealth. First business became an honored occupation in Britain and later more general rightful participation in the commonwealth was achieved. The history of our branch of this British tradition as institutionalized in the United States, the Anglo-American tradition, differs from that of older countries in that, during most of our national history, we have had a policy of universal suffrage. Although property ownership has qualified the right to vote, the general policy has been one of universal suffrage at least for white males, even though being a "freeholder" was long considered a distinctly honorable status. This operative fact of universal suffrage has had a profound effect upon our history.

It is more than a figure of speech to say that throughout our national history we have been groping our way toward the achievement of a true commonwealth in which all competent men and women would be rightful participants. The land owners have always belonged. The labor movement in this country has been influenced by the fact that prospective members were also political citizens. The fact that we are a nation of immigrants has complicated the problem for us. But gradually the immigrants and especially their children learned the language and won their way into full political status in the commonwealth; as a group it is especially the Negroes among the descendants of immigrants who still have major political disabilities, although the

situations of Spanish Americans and Puerto Ricans differ only by degree. To overcome this disability, we have the civil rights movement.

Lacking political citizenship in much of the United States the Negroes have suffered job discrimination, inferior opportunities for education, etc. We thus have a relatively high percentage of Negroes living in poverty. This lack of political status is being changed. The history of Appalachia is, by and large, not one of a people with second-class political citizenship so much as second-rate economic and educational opportunities. However, the anti-poverty programs in Appalachia seem to have stirred up a major political protest movement. "The anger in the mountains comes from the process of the poor people learning their rights as citizens."¹⁴

We can thus view the past four hundred years of the Anglo-American tradition as a gradual whittling down of the extent of the classes of exclusion and widening the participation in the commonwealth. The lesson which this history seems to offer is that an ideal of commonwealth—of universal and rightful participation of all competent adults in a commonwealth, as both political citizens and economic citizens—is a necessary ideal of national development policy in a free society. This simple idea of commonwealth, of the conditions of inclusion in or exclusion from the establishment, seems also to be meaningful for the underdeveloped world. We have in the great revolutionary struggles for national development a continuation or reenactment of the great struggle of the excluded to be included in the commonwealth, both as political citizens and as

¹⁴ *The New York Times*, March 27, 1967, p. 22.

occupants of secure economic opportunities.

The vision of the Great Society which President Johnson has enunciated, is essentially an adoption of the original idea of commonwealth and an extension of the idea of rightful status to included participation in the social order as well as the economic and political orders.¹⁵ Furthermore, the extension of the ideas of commonwealth to embrace the social order is being attempted to embrace the kind of measures being found necessary to overcome the disabilities which people suffer who do not participate effectively and equitably in the political and economic orders. We are learning that a deprived childhood, combined with the social disorganization resulting from broken families and other forms of rootless childhood, produces people who lack the abilities, and perhaps even lack sufficiently stable personalities to enable them, as adults, to participate productively and responsibly in a complex, technological, interdependent urbanized society.

The problems of poverty in the United States are made more urgent by the fact that the traditional subsistence economies no longer offer even a tolerable refuge for those not included in the modern economy. These "excluded" people are increasingly being congregated in our cities, making large areas of them unsafe and even uninhabitable. At the very least, public agencies seem destined to take on more and more responsibility, not only for planning for job opportunities and education for political citizenship, but even for the care and feeding of small children, such as the proposals that

children living under conditions of social disorganization should, from the age of two or three years onward, be cared for publicly and attend schools.

In the United States the orientation of public policy has moved from a laissez-faire type of individualism of pioneer days to the present groping for a "Great Society" in order to honor such great public purposes as equality and the dignity of the individual. This historic sequence has followed partly from the fact that in America the modernization process has occurred within the political, legal and economic institutions which have largely shaped our society. It is in this century (approximately) that the economic and political consequences of deficiencies in the social order, family life, school, community, health services, etc., have produced deprived and misshaped people in sufficient number to bring about an intolerable degree of social disorganization, especially in our cities.

In the undeveloped countries, where development can occur only by transforming an antecedent social and economic system, the option is not open as it was to the United States to build a new system of state and economy by immigrants in continental space made available by pushing the natives aside. In the underdeveloped world, development means social as well as economic and political transformation.

¹⁵ *Great Society* was the title of a popular book by Graham Wallas (New York, New York: Macmillan & Co., 1914).