
NEW POVERTY AND DISADVANTAGE

As de Tocqueville quipped, poverty is the obverse of wealth; we see it clearly only amid affluence. Such poverty is defined in relative terms, as living beneath a minimum acceptable standard (as opposed to the absolute poverty of life-threatening insufficiency of food, shelter and medical attention). Poverty typically means cumulative disadvantage—not only economic insufficiency, but also social exclusion. Poverty is strongly correlated with homelessness, poor health, limited schooling and, generally, restrictions on action and choice. This explains the keen interest in poverty, widely seen as a general index of social deprivation. At the heart of poverty, however, typically lies inadequate income and deficient entitlement to resources. ‘Primary poverty’ is conceptualised as insufficient income, and is measured by reference to such standards as either ‘living below \$US1–2 per day’ (in developing regions) or living below relative ‘income-poverty lines’ (in developed societies). In advanced societies poverty is also conceptualised as ‘welfare dependency’, though such conceptualisation can be misleading because it reflects the scope of transfer policies rather than the extent of social deprivation.

The overall trends in primary poverty have been well diagnosed. Over the last decades of the 20th century, poverty declined in East Asian, North African and Pacific regions, and increased in Southern Africa, Central Asia and Latin America, a slight overall reduction when seen relative to population numbers. The most rapid—but recently stabilised—increase in poverty has been recorded in the postcommunist societies of Eastern Europe and Central Asia. The number of people in these countries living below \$US1–2 per day grew rapidly between 1990 and 2000, which was a reflection of painful market restructuring and turbulent political change—two major factors contributing to impoverishment. Relative poverty rates have remained generally stable in developed (OECD) countries. Some countries, such as Denmark and Belgium, have registered a decline in poverty; other countries, such as the UK and Italy, have shown increases. Behind the increases in poverty are some new factors, mainly un- and underemployment, and growing employment polarisation between ‘work-rich’ and ‘work-poor’ households. Thus, while the overall level of poverty in the developed North has remained stable, its social concentration is intensifying and its social geography changing.

We are interested here in this changing social geography of poverty in the context of globalisation and the accompanying trade liberalisation, labour market shifts, deindustrialisation and migration. One component of

the new social distribution is a re-emergence of concentrated poverty in urban and regional pockets of the affluent OECD countries. Another feature is a proliferation of the 'new poor', which include 'working poor', the retrenched, and lone-parent (typically female-headed) families.

In one sense, globalisation seems to benefit the poor by stimulating economic growth and its 'trickle-down' poverty-reducing effects.¹ Economic statistics seem to confirm this link. Increasing circulation of capital, goods, services, ideas and people has been accompanied everywhere by growing production, expanding trade and, generally, a rising standard of living among the majority of populations.² And it benefits everyone: the wealthy and the poor. Globally, between 1970 and 1998, infant mortality declined from 107 per 1000 births to 56; life expectancy rose from 55 to 67 years. Between 1997 and 1999 alone, the number of poor people—that is, those living on less than \$US1 per day—declined from 1.3 to 1.2 billion, or from 28% to 23% of the world population. The most populous areas of the developing world, principally in East Asia, and China in particular, embraced globalisation and dramatically reduced the number of the mainly rural poor (by 130% over the decade 1987–98). Growth has also benefited the poor in advanced societies, where typically poverty shrinks while the economy expands.

How much of this global poverty reduction has been due to globalisation, and how much was caused by the accompanying but contingent factors? This question is hotly debated, and the answers reflect ideological and political differences between globosceptics and globoenthusiasts. Generally, it is accepted that trade liberalisation and economic integration stimulate economic growth, and that growth helps in reducing poverty. The *World Development Report 2000/2001* (World Bank 2001) notes that the income of the poor has grown proportionately to the overall level of income in most developing countries, and the latter has increased, together with general economic integration. Consequently, it has been estimated that variation in growth explains about one-half of the variation in poverty levels. Economic stagnation and decline, by contrast, are the key factors in rising poverty and widening material inequality. And economic decline, combined with widening 'poverty traps', is most often diagnosed in countries insulated from global flows (e.g. North Korea), ravaged by conflicts (e.g. Afghanistan), or afflicted by both (most of sub-Saharan Africa).

However, recent analyses also suggest that the relationship between globalisation, growth and poverty is quite complex.³ The impact of globalisation-induced growth on poverty, for example, is patchy, and depends on the overall positioning of the studied country within the world economy as well as the pattern of relative advantage in the 'factors of production'. It has been argued that the poor in the least affluent developing countries generally benefit from economic integration, because this integration boosts demand for low- and medium-skilled labour. But it is also noted that in the developed world the least skilled rural and migrant workers may be adversely affected

because the demand for their labour, and therefore their wages, declines. In medium-income countries, globalisation has more mixed effects on the poor; it brings benefits in the expanding sectors of the economy, but increases unemployment (therefore deepening poverty) in the sectors that are adversely affected by the increasing international competition. The overall impact depends on the balance between these two sectors: the growing and the declining. It is also mediated by the balance between the expanding and declining sectors of the economy, the labour market supply, and (perhaps most importantly) by governmental employment, fiscal and welfare policies. It is this last set of factors, the policy differences, that is mainly responsible for the variation in poverty levels and rich–poor gaps.

The globosceptics disagree. They point to the correlation between globalisation and deregulatory, transfer-shy and welfare-restricting regimes, and highlight the cases of the USA and Britain that illustrate the link between globalisation and socioeconomic polarisation. The globoenthusiasts respond by arguing that globalisation and regulatory/welfare policies vary independently, and point to the examples of Canada, France, Germany and the Scandinavian countries, where increasing globalisation has not significantly affected poverty levels and the scope of socioeconomic inequalities.

It is fair to say that, as far as poverty and material inequality are concerned, the prevailing consensus is that globalisation carries mixed blessings: benefits and opportunities, as well as costs and risks. The economic growth induced by trade and financial integration tends to be patchy. The rapid economic integration-cum-restructuring of postcommunist economies, for example, triggered economic downturns and mass impoverishment. The least developed countries in Africa and Central Asia have clearly been left behind in globalisation-spurred development. Moreover, globalisation-induced growth, even when it eventuates, tends to benefit the rich far more than the poor. This has been reflected in rising poverty in the USA, and growing kleptocracies in developing countries. Overall, critics argue that the jury is still out. The decline in the number of poor in the developing regions of East Asia and the Pacific has been counterbalanced by the rises in Russia, Central and South Asia, sub-Saharan Africa, and Latin America. While only a few regions of the world, typically insulated from globalising flows and plagued by endemic social conflict, remain locked in ‘poverty traps’, these few regions include about three-quarters of the world’s poor, and these poor live (and die) in conditions of the most abject poverty and degradation.

Globalisation enhances risks, increasingly seen as social and environmental. The ‘risks’ and ‘costs’ attributed to economic liberalisation and globalisation-spurred growth include social rifts and ecological degradation—and these costs, critics say, are carried disproportionately by the poor. Hence globalisation is seen as a socially polarising force: those prepared to seize the opportunities (e.g. due to human capital or mobility) prosper; those who do not, suffer. While trade and financial integration do not increase the

vulnerability of the poor to economic breakdown, they increase the propensity for crises in the developing countries where most of the poor live. When a crisis hits a developing country, the affluent strata reduce consumption and the poor starve and die. Moreover, it is the poor who carry disproportionately the economic, social and environmental costs of crisis resolution.

What attracts the attention of social scientists, and is regarded as the most disturbing aspect of the current trends (at least to globosceptics), is the rise of 'new poverty' in affluent societies, especially in the USA and the UK. This poverty has some novel features with disturbing links to the same globalisation processes.

POVERTY IN ADVANCED SOCIETIES

Globalisation may stimulate economic growth, but high growth rates do not necessarily translate into poverty reduction. The dynamics of income and poverty in the advanced societies, the USA and the UK in particular, illustrate well this complex relationship. In general, while poverty levels in the OECD countries have remained static over the past three decades (in some countries rising, in others declining), wealth and market income inequalities have grown, and with them the social concentration of 'new poverty'.⁴ Its sufferers are often described as victims of widening inequality and 'losers' in the globalisation game.

As noted above, in the Anglo-American democracies income inequality started to increase in the 1970s and 80s. This change has been most pronounced in the working-age population, which provides a clue as to the main contributing factors. The key one has been changing access to work (employment). Globalisation-spurred growth has altered the pattern of employment, resulting in more households without employed adults as well as more households with multiple incomes. The growth in workless households has been particularly steep in Italy and the Scandinavian countries, formerly sheltered from such problems. This trend has coincided with the lowering of the lowest incomes, tightening up of or reductions in social benefits schemes, and important demographic shifts—especially the rapid increase in lone-parent families and households. It is the combination of these factors that is responsible for the phenomenon of 'new poverty'.

The relative decline of low incomes has a complex genealogy: it reflects the operation of market forces—the declining value of unskilled labour amid declining demand—as well as changing welfare policies. The latter combine with institutional factors, such as declining trade unionisation. Whatever the causes, it is clear that the lowest income earners among the working-age population benefit proportionately less from global economic growth than the upper income brackets. In most countries experiencing deregulation, low-income earners have been left well behind, feeding the growing ranks of the

working poor. Moreover, these losers have not been compensated by government transfers. While it is true that such transfers benefit the poor more than the wealthy, the difference has been declining. Throughout the 1980s and 90s the proportion of government transfers to lowest income earners (the bottom 30%) has been declining in most OECD countries, particularly in Italy, Germany and the UK. Notably, this has accompanied a trend towards 'low tax' regimes, especially cuts in marginal tax rates. Both these trends—declining low wages and declining redistribution—have been aggravated by a rapid rise in the proportion of lone-parent households, which prove most vulnerable to a deep and long-term poverty. This proportion has been particularly high in Anglo-Saxon (including the USA) and Nordic countries, where between 10% and 20% of working-age people live now in single-adult households with children. Most of these households are headed by non-working or low-income women—a disturbing symptom of the 'feminisation of poverty'.

Poverty counts based on statistical 'snapshots' (i.e. surveys and censuses) can be misleading, because the new poor seldom stay poor. As argued in more detail below, there is a considerable mobility in and out of poverty. Thus, at any moment in time, the proportion of low-income (working) poor in the OECD countries ranges between 6% and 20%. However, the proportion of long-term or continuously poor—those who stay in poverty for over six years—ranges from 1% (in Scandinavian countries) to 5%–6% (in the USA and Britain). Poverty, in other words, tends to be episodic for about two-thirds to three-quarters of the poor. This also means that it is heavily concentrated in a small category of deeply and permanently disadvantaged.

While these regularities apply to all advanced societies, there are some clear differences in the social composition and geography of poverty between the European countries and Australasia on the one hand and the USA on the other. The American pattern and dynamics of poverty deserve separate comment, partly because of their unique features and partly because of the wealth of diagnostic literature. Let us briefly overview American poverty before we look at the overall composition and geography of the 'new poverty'.

POVERTY IN THE USA

Over the past 50 years the US economy has been growing steadily, with only minor hitches. Mean wages grew steadily over the post-World War II decades in all income brackets. Income dispersion around the mean remained largely unchanged. Starting from the 1970s, however, income growth slowed down (the mean family income has been growing due to lengthening working hours and higher numbers of income earners) while the dispersion started to accelerate. The income gap has been widening since then, regardless of the health of the economy.⁵

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This has been reflected in the new dynamics of poverty. Until the 1970s poverty was declining (from 25% in the late 1950s to 11% in 1973 living below the income poverty level), mainly due to the beneficial impact of strong and steady economic growth. Since about 1973 poverty has been increasing, together with growing income inequality: it reached 15% in the late 1990s. The levels of poverty change—they contract somewhat at a time of rapid economic growth—but these contractions are more than offset by rapid rises during periods of low-growth stability.

The USA registers a steady increase in poverty and inequality. Recently released US Census Bureau data show that, by the beginning of the 21st century, the poorest 20% of American households earned 3.6% of income (compared with 49% earned by the top 20%). The poorest 40% of Americans owned 0.2% of wealth (compared with 0.9 in 1983). The average household wealth of the poor declined over the same period by 76% (compared with an over 42% rise in the top 1% of households). The most notable increase in poverty has been registered among Hispanic Americans and has been fuelled by the rising number of migrant 'working poor', mainly from Mexico. In the late 1990s nearly 3% of all US workers lived under the federal poverty level (\$US13 003 for a family of three in 1998), and this figure almost certainly underestimates the number and proportion of working poor. It does not, for instance, include the millions of 'undocumented' illegal immigrants who perform the most menial, dangerous and lowest-paid jobs.

The ranks of working (low-income) and non-working (welfare-dependent) poor have also been growing due to rising minimal 'community standards' and growing costs of 'social participation'. The higher the level of affluence, the higher the actual poverty line and the more relevant the notion of relative poverty for measuring its actual scope, that is, the capacity for achieving a minimal standard of living. The rising affluence during the 'exuberant decades', critics argue, has thus proven fatal to the American poor. Their relative position has been dropping, a fact often hidden from official statistics, which adjust income poverty levels only to inflation. The growing gap between the 'official' and the actual levels of poverty also reflects the erosion of communal services (public transport, public education etc.) and deteriorating welfare nets, the two correlates of the 'exuberant decades'.

As everywhere else, it also reflects a declining stability of the family and changing household composition. This composition, as argued above, affects significantly material inequality and the intergenerational transmission of poverty. Two-parent households earn on average twice as much as single-parent households; the poorest households are predominantly single-parent, non-working and non-white. The long-term and permanent poor are most likely to grow in such households. Moreover, such vulnerable households tend to be territorially and socially concentrated in predominantly black urban 'ghettos'. American students of ghettoised underclasses link

their formation to the changing forms of racism (indirect, residential, and employment-related) as well as two sets of global forces.

The first and most important of these forces is the deindustrialisation accompanying the global relocation of manufacturing to low-cost areas (outside the USA). The 'flight' of low-skill, secure industrial jobs has dire social consequences, especially for racial minorities. Unemployment grows, neighbourhoods decline, crimes increases, social denudation (outflow of skilled people) erodes role models, families split under social pressure. As Wilson (1999) argues, many ghettoised African American men are simply unable to perform traditional 'family breadwinner' duties and abandon these altogether. Poverty and social pathology mix in the typical 'underclass' syndrome.

The second factor is the 'rolling back' of social and welfare services. In 1996 President Clinton signed the Personal Responsibility and Work Opportunity Act, 'ending welfare as we know it'—that is, as a system of entitlements—and replacing it with a 'workfare system' that restricts welfare payments and requires recipients to look for work. Initially, this reform (together with growing employment opportunities) did help in halving the number of welfare-dependent families, from over 5 million in 1994 to just over 2 million in 2001. The rate of unemployment among single mothers fell from over 40% to below 30%. Yet the obverse of these cuts was growing income poverty: the former (predominantly black) welfare recipients, it seems, have been changing into a new working poor.

There is no doubt that similar forms of ethno/race-specific and ghettoised poverty exist in other developing societies. Predominantly Aboriginal suburbs in Sydney, Turkish suburbs in Berlin, Moluccan concentrations in Amsterdam all show similar underclass features. They are smaller in scale and perhaps less politically conspicuous than the black urban ghettos in the USA. The latter scandalise observers because they persist in the midst of affluence and in a society seeing itself as a bastion of equality and democracy.

Do the American poor stay in poverty? Are there 'poverty and welfare traps', as suggested by the students of ethno-racial urban 'underclasses'? The longitudinal data on income mobility and welfare reception show a generally high and steady mobility into and out of poverty.⁶ Only about two-thirds of low-income earning Americans (in the lowest income quintile) remained in this position one year later, and 42% remained in the lowest-fifth bracket over the study's 17-year period (1974–91). Most income poverty seems to be temporary, and the majority of low-income earners experience income mobility, though typically to the adjacent income category. (It may be noted that income mobility among the poor seems to be higher than among the high-income earners in the top income quintile. Thus about 54% of high earners in the USA maintained their top position over the 17-year period of the study.)

As noted above, short- and medium-term income mobility appears to be

similar among all developed countries, in spite of the differences in levels of poverty and inequality. While the USA emerges as by far the most unequal among the OECD countries, and while the proportion of long-term poor there is relatively high, the USA is not exceptional as far as poverty and welfare traps are concerned.

As the longitudinal income and welfare data are very new and rare (and typically cover short periods), we know little about long-term trends in income mobility. As Gottschalk (1997: 36) notes, most studies find no significant changes in the economic (income) mobility patterns in the USA, in spite of the increases in income polarisation and the levels of poverty. Like status mobility, income mobility in the USA tends to remain stable and undergo only minor (trendless) fluctuations.

Another index of poverty is welfare reception. It has been at the centre of a heated debate about allegedly high and growing 'welfare dependency' and 'welfare traps'. This debate raged in the USA throughout the 1980s and 90s, triggered by Charles Murray's provocative book *Losing Ground* (1984) and William Julius Wilson's *The Truly Disadvantaged* (1987). Both suggested the emergence of entrenched, welfare-dependent and predominantly non-white urban underclasses. However, the causes of this pathological development, and the proposed remedies, were diagnosed quite differently by the two authors. Murray blamed the welfare system and its motivational and normative consequences for trapping the poor. Widely available welfare entitlements, he argued, offered opportunities and incentives for dropping out of the workforce and abandoning traditional family obligations. This resulted in welfare dependency and poverty cycles perpetuated by systemic and cultural factors. Poverty was transmitted to consecutive generations of a poverty-trapped and welfare-hooked poor. Restricting welfare and strengthening workfare (the incentives to work) were recommended as the best social therapy.

Following Wilson, liberal critics draw quite different conclusions from basically similar diagnostic premises. They agree that poverty traps have emerged in the economically depressed and predominantly black urban ghettos. But these traps, they argue, are caused by deindustrialisation and by its accompanying chronic unemployment, social denudation (migration of the successful) and, generally, the 'colour-coding' of poverty. Reformed welfare is the essential solution to poverty traps. The liberals see it as a bridge out of poverty that helps to break poverty cycles and builds paths to self-sufficiency. Restricting welfare amounts to punishing the victim.

The underlying diagnosis of emerging cycles of poverty, welfare dependency and intergenerational poverty was examined using longitudinal survey data on income and welfare (PSID and NLSY). Like the analogous studies of income poverty and mobility mentioned above, the studies of welfare poverty showed a generally high level of mobility into and out of welfare. About 60% of welfare poverty spells in the USA lasted for one year or less;

76% lasted for two years or less; and only 7% extended for seven or more years—hardly evidence of prevalent welfare traps. Similarly, the data on recipients of the Aid to Families with Dependent Children (AFDC) showed more mobility than stability. Most of the AFDC spells (i.e. periods of receiving aid) were short: one-year spells accounted for 34% of all the spells among blacks and 44% of spells among non-blacks. Again, this is hardly consistent with a notion of addictive long-term welfare dependency.

However, as indicated above, there is also evidence of a racial divide growing hand in hand with poverty. The poor segments of urban underclasses are dominated by African Americans. They are not only disproportionately poor, they also stay poor for longer periods of time and have a much higher proportion of prolonged (seven years or more) 'poverty spells' than non-blacks (15% compared with only 4% of such long-lasting spells among non-blacks). Even more disturbing is the evidence of prolonged welfare dependency. Over a quarter of all periods of receiving aid (AFDC) among black welfare recipients are prolonged (seven years or more). African American families also more often return to welfare dependency and, generally, receive welfare for longer periods of time than non-blacks. More than one-third of black welfare recipients in the 1970s and 80s spent seven years or more on welfare (18% among non-blacks).

Studies of 'welfare inheritance' reveal a similar picture. The children of black poor are more likely to remain poor and welfare-dependent than their white counterparts. Thus the probability of sons of low-income (lowest-quintile) parents staying in the lowest bracket has been estimated at 42% (Solon 1992). Black sons are more likely than not to remain in the lowest fifth of the income distribution. These probabilities depend strongly and increasingly on an individual's education and the stability of the family. With the latter declining rapidly, especially among the African American population, the intergenerational 'social reproduction' of poverty—through exposure to the 'risk factors' correlated with family breakdown—becomes more likely.

Studies of these 'risk factors' (dropping out of school, early premarital pregnancy and early unemployment) show their increasing impact on welfare dependency in adulthood. Children from split families are twice as likely to abandon schooling as their counterparts from intact families. Girls with single-parent family backgrounds are between two and four times more likely to fall victim to early premarital pregnancy, and boys are 1.5 times more likely to become unemployed at an early age. Considering this impact, it is hardly surprising to find a high level of welfare dependency transmission among African Americans. The probability of a black daughter falling pregnant and receiving welfare climbs to 49% if her mother is also a welfare (AFDC) recipient. Black girls, in other words, have a nearly fifty-fifty chance of following their mothers' welfare dependency. This is twice as high as the probability of intergenerational welfare transmission among the non-black

women (7% probability among non-black non-recipients). Similarly, 36% of all women brought up in families receiving aid for prolonged periods of time end up claiming welfare themselves at the early ages of 21–23. This is a very high proportion, indicating a special vulnerability of women to falling into welfare and poverty traps.

Thus, while most economic poverty in the USA is temporary and short, and while most welfare dependency is periodic, there seems to be a 'hard core' of permanent poor, most of them black, brought up in poverty and in lone-parent (typically single-mother) families.

THE 'NEW POOR'

Who are the 'new poor' and what are the new dynamics and social geography of poverty? How are they related to the globalisation syndrome? In order to answer these questions, let us cast a glance again over the patterns and trends identified in advanced societies.⁷ In most of these societies, poverty fluctuates according to the level of economic growth and accompanying levels of unemployment. It is the persistence of poverty, rather than the rise in poverty levels, that primarily concerns the critics. Liberal critics are also concerned about some novel features of 'poverty amid affluence' afflicting the developed societies during the decades of 'jobless' growth.

Perhaps the most salient feature of these decades has been a re-emergence of the working poor. The majority are victims of declining low-skill wages and deteriorating working conditions in the declining sectors of the economy. However, there is a new component in the impoverished workforce: migrant workers, including the growing army of illegal and semi-legal migrants. Their growing presence reflects an overlooked aspect of globalisation: the increasing circulation of people. Perhaps most conspicuous is the presence—and the poverty—of Latin American labourers in the USA. As noted below, the majority of the estimated 7–8 million 'illegal' and 'undocumented' workers from Mexico end up in the most menial, insecure, dangerous and underpaid work, mainly in construction, fast food, child-care and house-cleaning. They form an exploited and disenfranchised 'flexible army' of working poor who depress indigenous wages, and whose ranks swell in spite of half-hearted border apprehensions and expulsions.

The growing number of working poor is seen by some as a 'Marxist trend', marking a re-emergence of a new and impoverished proletariat, a sign of economic polarisation that heralds social division and class formation. Such radical diagnoses invite scepticism: the new working poor are employed in socially dispersed services (rather than in concentrated industrial centres). They show the lowest level of social radicalism and political organisation (rather than mobilising against the status quo), and contain, especially in the USA, a large component of minorities and mobile migrants (which reduces

their social cohesion). While not a revolutionary force, they nevertheless constitute a potential source of social instability. This is because their number and vulnerability increase amid growing wealth and spreading egalitarian values.

The second category of the 'new poor' includes the un- and under-employed, that is, involuntary casual, part-time, contract and other 'flexibly employed'.⁸ Studies show that the unemployed and their families are the most impoverished of the poor. Households with no income earners—the proportions of which increase in advanced societies—are invariably struggling, and between 20% and 50% sink below poverty levels. These proportions of impoverished unemployed are also growing in advanced societies, indicating not only the general unemployment rates but also the failure of transfer/welfare systems to arrest impoverishment of the unemployed.

One might object to treating the un- and underemployed as a 'new poor' category: after all, unemployment is an old foe. However, there are good reasons for such classification. In advanced societies the majority of the unemployed are victims of both 'jobless growth' and deindustrialisation combined with technological and competition-driven 'downsizing'. This combination of deindustrialisation and unemployment is new, it persists amid (patchy and selective) economic growth, and it is distributed both regionally (in the 'rust belts' and small towns) and occupationally (being particularly high among low-skilled industrial labourers). The inability of society to secure employment for its work-willing members, especially at a time of economic growth and rising affluence, is increasingly seen as an aberration, a triumph of 'global market forces' over civic integrity and 'social conscience'.

The third component of 'new poverty' is the growing army of lone parents, mainly single mothers and their children. Lone-parent households have by far the lowest income among the working categories (0.5–0.7 of the average), and their incomes have been declining in advanced societies. They dominate the welfare-poor category, are overrepresented 3–4 times among the income-poor (about 40% sink into poverty), and now account for 20%–25% of all poor in most of the OECD countries, except for the predominantly Catholic countries (where divorce and lone-parenthood rates are lower). While this is a relatively new and growing category of the poor, mirroring rising divorce rates and out-of-wedlock birth rates, its growth is only tenuously linked to globalisation. One might argue that the main cause of increasing lone-parent poverty is a secular trend in social norms and values related to marriage and family. However, the impoverishment of the lone-parent households, as globosceptics point out, also reflects increasingly 'non-compensatory' income transfers and tightened welfare provisions—the factors that are a part of the broad 'globalisation syndrome'.

To what extent, then, can we blame globalisation processes for poverty amid affluence? This is a question to which one can give only a heavily

qualified answer. As noted above, the link between the two depends vitally on the notion of globalisation one embraces. Defined narrowly (as mere liberalisation of trade, investment and production), globalisation has little to do with the new poverty. In fact, one could argue that if anything it reduces such poverty by boosting economic growth and employment, the main determinants of poverty levels. When seen as a broader socioeconomic and sociopolitical syndrome, globalisation shows links with the new poverty in the affluent North—less with its overall scope, which fluctuates with growth/employment levels, and more with its changing social geography. A tentative list of these forces would look as follows:

1. *Social and technological change combined with trade/production liberalisation.* The new economy, and the circulation of capital, goods, ideas and people in general, relies on new information and communication technologies (ICTs) and their productive applications. It requires skilled labour at the expense of unskilled labour. Demand for the latter declines with automation and cost-reducing competition, especially in high-income countries, and it accompanies shifts of labour-intensive production to low labour cost areas (deindustrialisation). Competition from lower-cost producers (developing countries) and unskilled migrants adds to the woes of low-skilled labourers in the developed world by pushing low wages down and indigenous unemployment up.
2. *Uncontrolled and semi-controlled flows of migrants and refugees.* Flows of migrants reflect both trade liberalisation, especially in the formation of free-trade blocs such as NAFTA, and political integration (the 'widening' of Europe), as well as social instability in the peripheral regions of the South. Migrants escape poverty and persecution. It is a cruel irony that they also contribute to poverty by forming a swelling stratum of exploited 'illegals': Latin American (mostly Mexican) in the USA, Turkish, Balkan and East European in Germany, Ukrainian and Romanian in Austria, and African in Italy, France and Spain. They are objects of liberal concern and right-wing hatred. Above all, they form a growing but largely hidden underclass of despised and disenfranchised poor.
3. *Weakening social protection and regulation.* Global competition is widely seen as the key factor promoting a 'race to the bottom': deterioration of working conditions, declining minimum wage, lowered employment security and, generally, tightening-up-cum-reduction of social entitlements. These are essential parts of 'freeing the market' strategies and liberal-conservative ideologies of 'workfare' (replacing welfare). Behind these changes, notes Atkinson (1999), are shifting social conventions, pay norms and employment codes, which are sociocultural and sociopolitical rather than economic factors.
4. *Declining trade unions, class parties and class politics.* In almost all advanced societies, trade unionisation of the labour force is in decline. The capacity

of unions to protect wages and working conditions is also declining, as is union impact on political parties and government policies. The historically important political champions of low earners are losing power, a fact reflected in collapsing central wage regulations and employment protection. Service and high-tech sectors, and flexibly employed (highly feminised) occupations, are most affected by this trend. The proliferation of enterprise bargaining marks the overall deterioration of minimum wages and employment security. Stripped of their political muscle, unskilled workers and low-income earners lose bargaining power.

All these contributing factors interact, and individual countries (and regions) may differ considerably in their configurations—hence the wide variation in poverty profiles and dynamics. Broadly speaking, factors 1, 2 and 3 play the main role in shaping the scope and character of ‘new poverty’ in the USA, while the dynamics of poverty in advanced European societies is affected mainly by factors 4, 3 and 2.

THE NEW ‘TRULY DISADVANTAGED’

In the rapidly globalising world, especially in advanced societies, a new category of ‘truly disadvantaged’ (Wilson’s term) appears: the refugees, illegal and ‘undocumented’ migrants, and asylum seekers. Their very appearance as a large and visible category and their conditions of marginality reflect the impact of globalisation on the conditions of a wide gap between the developing and the developed world. Under such conditions, globalisation articulates itself in the form of mass semi- and involuntary movements of people between regions of depression and instability (predominantly in the areas of ‘failed modernisation’) and the developed countries. Such movements were regulated and controlled until the tumults of the 1990s. When numbers of refugees were small, they were treated generously and according to international laws and conventions. Following the fragmentation of the Soviet Union and Yugoslavia, the economic meltdown in South-East Asia, conflicts in the Middle East and Afghanistan, economic collapses in Africa and South America, and growing social problems in China, illegal movements intensified beyond the controlling capacity of receiving states. The reasons for this intensification were sociopolitical, socioeconomic and sociocultural. The largest flows were caused not only by abject poverty but also by violence and persecution in Kosovo, Central Asia, war-torn Afghanistan, Palestine, North and Central Africa, and more recently Iraq. However, such ‘political refugees’ have fused with economic refugees. Failed states mean failed economies; political strife typically accompanies economic collapse.

There is also a pull factor. Large proportions of the new refugees choose their destination because they are familiar with life in the developed West, and because they aspire to lifestyles they know from the mass media, especially the ubiquitous television. They are pushed by desperation and pulled by the images of an affluent and orderly life. Porous borders and easy transportation—those novel aspects of the globalising world—help them realise their aspirations.

Most of the receiving countries, such as Germany, Austria, Britain and France in Europe, the United States and Canada in North America, and Australia and New Zealand in Oceania, have been poorly prepared for this inflow of 'illegals'. Initially they were accepted and socially absorbed, but the numbers, combined with the social problems migrants brought with them, soon generated a strong backlash. Right-wing populist anti-immigrant movements have gained mass support, propelling to power parties and politicians promoting forcible controls and restrictions, including compulsory detainment of illegal migrants and asylum seekers: in the mid-1990s immigration and settlement policies had already started to change, restricting flows and tightening controls.

These restrictions, however, have not solved the problem of illegal migration: in most cases they have exacerbated it. Most 'illegals' find themselves in limbo: in detention centres, at the mercy of smugglers, or in the countries of destination but without rights, protection or support structure. They form an often forgotten but growing army of vulnerable, exploited and persecuted non-citizens.

The 'illegals' are neither a class nor a stratum: they form a heterogeneous category sharing cumulative disadvantages combined with social marginalisation. Four features mark their position of disadvantage:

1. *Economic vulnerability.* Illegal migrants and refugees combine low market endowments with communication problems and social isolation. If they are capable of working, they typically end up in the 'tertiary' (i.e. illegal, or 'black') labour market, where they fall victim to ruthless exploitation. They are desperate to find employment, partly because they have dependants in the country of origin, and partly because they carry large debts incurred in illegal migration. Many are unpaid, abused and blackmailed, working in conditions resembling serfdom or slavery. They populate sweatshops and dominate the 3D (dull, dirty, dangerous) jobs. Mexican 'illegals' in the southern USA, numbering 7–8 million, monopolise the 3D jobs in construction, the lower services sector, and child-care. Lacking the benefits enjoyed by regular labourers, they typically earn less than the minimum wage, have no security of employment, no legal protection and no health insurance.
2. *High-risk exposure.* Illegals work in the most hazardous conditions, and work long and irregular hours. This further increases the risk of injury

and death. They work next to chemical plants, toxic dumps, handle hazardous materials and use unsafe equipment, often with minimal to no training or protection. The jobs they are forced to take often have high levels of stress, which is exacerbated by an alien environment, social isolation, indebtedness, separation from the family, and the always-present danger of arrest and deportation. When deported, they and their families often face financial ruin. Mainland Chinese in Hong Kong, Balkan refugees in Central and Southern Europe, and African illegals in France and Spain are the most typical categories of marginalised illegals.

3. *Civic and political disempowerment and marginalisation.* Illegals and 'undocumented' migrants do not have citizenship rights, and are frequently denied basic human rights. They are located in a 'twilight zone' not covered by legal/political protection. Because of this location, they have limited access to legal assistance and government protection, let alone social services. They have to buy security, and often do this by bribing officials and paying off illegal protection rings. Nor do they have access to political institutions. Neither political parties nor major pressure groups take up their cause. They do not vote and cannot organise themselves politically. Occasionally, their plight is represented by charitable organisations, but charity towards the 'illegals' has been declining with their portrayals as 'job takers' and a potential threat to national security.
4. *Social stigma and exclusion.* 'Illegals' are aliens in the sociocultural sense. They may be functional to the economy, as takers of menial jobs, but do not 'fit' the society and culture. This is because of the stigma carried by illegals, especially among the lower strata with whom they often compete for jobs. As most come from non-white societies, they are also stigmatised as racial and ethno-cultural aliens, and often constitute the modern equivalent of an untouchable caste. These exclusions and stigmatisations breed mutual contempt and make marginalised categories breeding grounds for extremism.

CONCLUSIONS

One side-effect of globalisation-induced growth, as noted in chapter 10, is the growing cost and declining scope of social services. This invisible inflation raises the cost of living, which is particularly painful for the poor. Another side-effect is a climate of market competition fostering policies that are, at best, indifferent to poverty. Economic growth and international positioning in growth stakes become the main preoccupation of political elites. In such a climate, as Atkinson (1999) observes, codes and conventions of fair play tend to weaken.

It is true that globalisation benefits the poor in developing countries, to the extent that it helps in reducing unemployment. However, it also carries

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risks of relative wage reduction. This is why the scope of poverty in advanced societies does not change—but its character and social geography does. The working low-income poor, the un- and underemployed victims of competitive cost-cutting/downsizing, and members of lone-parent households (predominantly black in the USA) form new categories of poor. They replace the old categories of the unemployed, sick and aged poor. The most disadvantaged social categories are semi- and illegal immigrants escaping the poverty and turmoil of the underdeveloped regions.

Modernisation has overlapped with globalisation by opening up non-Western populations to Western influences, including sociocultural and sociopolitical influences. Aspirations concerning social order, citizenship rights and standards of living quickly spread the changes in social and economic structure, and this spread is accelerated by informational and cultural globalisation. This not only makes the division between 'the West and the rest' (Huntington's term) deeper but, through uncontrolled migration and the new underclasses of illegal migrants, also brings this division to the very core of the Western world.