

Poverty, from Orthodox to Heterodox Approaches: a Methodological Comparison Survey

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Based on some methodological issues this paper tries to compare the following approaches: Neoliberal Monetary, Capability, Social Exclusion, Participatory and Marxian Social Structure of Accumulation (SSA) in terms of their level of analysis, their definition of poverty and their recommended policy action to tackle poverty. The main conclusion of paper is that there is a consensus among capability, social exclusion, participatory and SSA approaches in addressing poverty; they emphasize on social roots of poverty, on multidimensional aspect of poverty, on the role of uneven power in getting to an acceptable social environment and also on rejecting the current normative-positive epistemology in which poverty becomes a natural phenomena.

Keywords: poverty, heterodox approaches to poverty, orthodox approach to poverty, poverty and institutional structure

Introduction

As Stewart et al. (2003), Hulme and Macky (2005), Hulmae and Toye (2006) and Kanbour (2003) argue there are questions and issues in studying poverty and inequality that should be addressed: what is poverty? Is it a multidimensional or a single dimension phenomenon? Is it objective or subjective? Poverty line or poverty lines? Level of analyses: individual, family, society, class? What are the reasons for poverty? What should be the solutions to poverty? According to Sen (2000) these questions should be addressed correctly: what is the nature of poverty? What are the causes of poverty? And which policy and social action should be undertaken to overcome the poverty? The answers to these inter-related questions differ from one approach to the other.

There are different approaches to poverty with different names including livelihood, human rights based, basic needs, human capital (capability), human resources, economic growth, social exclusion and participatory approaches. From a theoretical point of view, as has been emphasized by Stewart et al. (2003), these different names could be reduced to four approaches: 1) Monetary approach which captures the economic growth and human resources approaches; 2) Capability approach which captures livelihood, human rights based, and basic needs approaches; 3) social exclusion approach; and 4) participatory or post-developmental approach. Charabarti and Cuulinberg (2005) have another classification: 1) World Bank approach; 2) Post-developmental approach; 3) capability approach; and 4) Marxian approach. Comparing these two classifications shows that there is only Marxian approach which could be added to first classification to make both of these classifications complete. World Bank approach is another name for Monetary approach which we call it Neoliberal Monetary approach. Adding Marxian approach is necessary since all of first four approaches don't pay attention to class analysis.

As giving answers to the above questions are directly related to the view of these approaches to some theoretical challenges in social science in general, particularly in economics, we will debate these issues in the next section. In Section 3, we will discuss the main methodological aspects of these five approaches to poverty. The comparative comparison of these approaches will be analyzed in Section 4. The last section concludes the paper.

Methodological issues and poverty studies

There are three methodological issues which need to be addressed. This is necessary to present a framework for comparative comparison of different approaches to poverty. These issues are as follow: 1. Whether poverty is a natural phenomenon or social phenomenon? 2. Does the current epistemological positive-normative dualism makes a better understanding of poverty or lead to misunderstanding of it? 3. What is the relationship between efficiency or growth and equality? Does the "trickle down effect" work at national and global levels?

1. Poverty: a natural or social phenomenon?

The literature on mainstream economics has usually assumed that poverty is a phenomenon which could be considered as a natural fact of life. This view, from

historical perspective, is rooted in Bernard Mandeville's **The Fable of the Bees: or Private Vices, Public Benefits** (1714) in which society is like a bee-hive with a natural personal selfishness based labor division. This labor division and the resulted inequality could be considered as immoral but there is no way to maximize the production or growth except approving the division of labor (see K. Hunt, 1995). Darwinian Social Evolution is a recent explanation of natural labor division in which poor is explained based on the inherent weak capabilities of individuals (Galbraith, 1983). In the other hand, from the heterodox social sciences and economics perspective poverty is mainly a socioeconomic phenomenon which is related to social conditions such as unequal access to the economic, financial and political resources; uneven power which is related to economic or social or epistemological factors is the main reason of poverty.

While in framework of first approach poverty is natural and hence should be accepted as a social fact, for heterodox approaches it is related to power and hence should be challenged through social struggle for establishing acceptable social environment or institutional structure in which poor would be able to realize their potentials. Accordingly, in order to establish a more pluralistic and participatory society in which poor will be able to participate and have a role in policy decision making process, it is necessary to deal with the poverty from this point of view (for instance, see Peet and Hartwick, 1999). These two approaches on the essence of poverty is related to current distinction between "out" and "is" or "positive" and "normative" analysis.

2. Positive-Normative dualism and poverty

Mainstream economics within this framework of positive-normative dualism usually considers distribution issue as a case of normative issue. Thus, it avoids addressing the issue directly. Indeed, following "Pareto optimum" criteria, the mainstream deals with efficiency in a way that this criteria defines it as scientific and related to "is" but dealing with distribution issue is related to "out" and normative.

Not only does radical heterodox economists but also some mainstream economists such as Amartya Sen reject this dualism. According to Sen (1994), economics has to pay attention to this Aristotle's question: what is the real well being? Although this question is in the field of ethics, social scientists including economists have to answer and address it. Hence, he rejects the positive-normative dualism and advocates a combination of economics and ethics. This means getting to a society with low poverty dose not go through only paying attention to "is" but it is necessary to go through "out" and for instance try to make new social egalitarian environment. John Rawls (1999, 2001) has the same view when he says "justice is the first virtue of social institutions, as truth is of systems of thought".

3. Economic efficiency and social justice

The mainstream view on distribution issue is supported by another line of reasoning: inconsistency between equality and growth; having big pie with unequal distribution has more social welfare than having small pie with a more equal distribution. Mainstream economists argue that the Poor's Marginal Propensity to Saving (MPS) is lower than Rich's; Poor tend to spend a higher percentage of their incomes because they have more

unsatisfied needs. The conclusion is that inequality is a precondition for getting to high savings, investments and finally growth. This hypothesis is at the core of Kuznets curve. The meaning of this hypothesis, as the poverty is assumed to be a natural phenomena, is that poverty and inequality could be resolved over time through “trickle down effect” so there should not be any state intervention, any “out”. High savings, through initial unequal distribution of income, leads to high investment and then increasing demand for labor force in next stages of growth process leads to higher wages and higher income share of labor force.

There are some critical issues with this mainstream hypothesis: First, It is possible to obtain efficiency with more equality through the egalitarian policies- particularly those affecting on education, nutrition and health care (for instance see: World Bank, 1997). This has been confirmed by the experience of countries such as South Korea, on the one hand, as a case of egalitarian growth and on the other hand Brazil as a case in which high economic growth has not been accompanied with more equality over the time. Second, this assumption that the high income groups have fewer needs is not completely right. Given the consumption cycle of goods, it seems the high income groups have unsatisfied and deliberate needs too. High income groups tend to consume the new models and versions of goods to upgrade their durable goods including cars, homes and appliances. As the life cycle of commodities during the past decades has become shorter, there are unsatisfied needs within high income groups, not in terms of type of commodity but in terms of new version of commodities. Moreover, in the case of developing countries, as Mirdal (1971) points out high income groups are often interested in consumption of luxury imported goods which has a negative effect on the aggregate demand composition and economic growth process; and finally, the recent global evidence has also proved that “trickle down effect” does not work at intra-country level. Despite high global economic growth during past two decades, poverty and inequality has increased. When “economic structural adjustment and stabilization policies” in the framework of "Washington Consensus" implemented in countries in early of 1980th, there was a conventional belief that pro-growth policies will reduce poverty at global and national levels. However, this did not take place. In many African, Sough Asian and Latin American countries the poverty rate during the past 25 years has increased (for example see; Stieglitz, 2002, 2006; McKinley 2004; UN, 2006; WIDER, 2006). Estimated data based on UNDP database shows that inequality in distribution of world wealth has increased dramatically during 1960-94. The share of industrial countries has increased from 77.3% in 1960 to 81.4% in 1994 while at the same time the share of developing countries has decreased from 22.7% to 18.6% (Streeten, 2003).

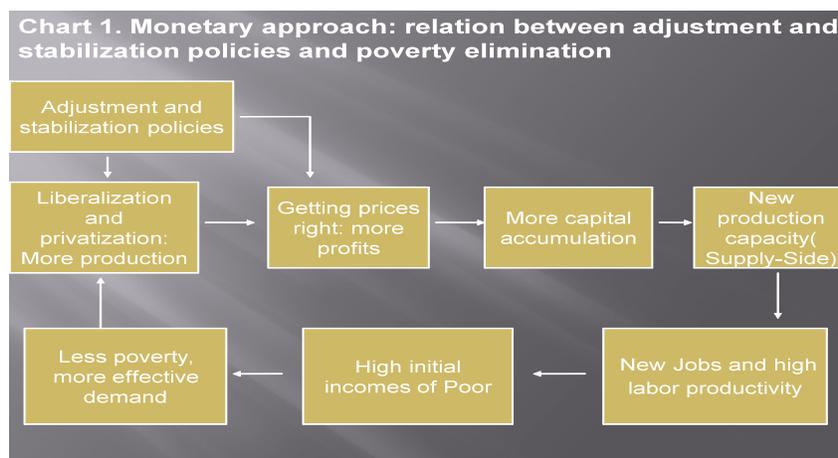
Competitive Approaches to Poverty and Poverty Elimination

Based on the points above we classify neoliberal monetary approach as an orthodox or mainstream approach and other approaches as heterodox. Capability approach is rooted in Social Welfare Theory with a micro foundation but it emphasizes on social environment factor and rejects the current positive-normative as well inconsistency between equity and growth.

Neoliberal Monetary Approach:

This approach has a strong theoretical base, i.e. the Utilitarianism. Based on this theory, the personal welfare measure is the utility or satisfaction which is generated by consuming goods and services. Since it is hard to identify the utility function and utility-based demand function, income is usually used as a proxy for utility. It is assumed that those who have more money will have more welfare too so they are considered as non-Poor. Therefore, it is possible to define a poverty line and separate the Poor from the non-Poor. Poverty is defined mainly as a natural phenomenon which is related to inherent low productivity of poor; so it rejects interventional policies aiming to deal directly with poverty due to this reasons that they would reduce the growth and also to make lazy beneficiary of these policies.

The solution for poverty goes through implementing “adjustment and stabilization policies” which aim to increase the efficiency through “getting right prices”, privatization, liberalization and deregulation. It is assumed that these kinds of policies could lead to higher economic growth (bigger pie). Through these policies, price disturbance (Ali, do you mean price distortion) and non-price constraints will be removed so that the firms make structural changes with respect to new macroeconomic environment and increase the output through both higher efficiency and higher capital accumulation. On the other hand, price liberalization will increase the profit margin which enables the firms to accumulate more and increase their productive capacity. As profit margin increases, firms invest more which leads to more demand for labor. New investments increase the productivity of factors and also wages which increase the primary income of the poor. The increase in income, on the other hand, reduces the poverty and increases the demand for produced goods. Therefore, a cumulative cycle is generated which can regenerate itself and lead to low poverty without any intervention in markets (see: Chart 1).



Source: Authors

This is an abstraction of what is posed by the advocates of the neoliberal monetary

approach to poverty. It is in this context that elimination of general or non-targeted subsidies is recommended. From this perspective, paying this type of subsidies leads to price distortion which will have a negative effect on economic performance. The "social safety net" and paying cash subsidies is introduced to compensate the negative welfare effects of those who are suffered from higher prices during the adjustment period. Indeed, cash subsidies, from this perspective, are negative tax paid to the poor to help them to increase their secondary incomes.

However, it should be noted that cash subsidies did not initially exist in adjustment policies. It was supposed if the cycle above would work well, the share of poor goes up so poverty goes down in the long-run. Within a decade after implementing this policy in 1990th, however, the negative results, particularly in African countries were so great that International Monetary Fund (IMF) and the World Bank were forced to pose the idea of social safety net (see Stewart, 1996).

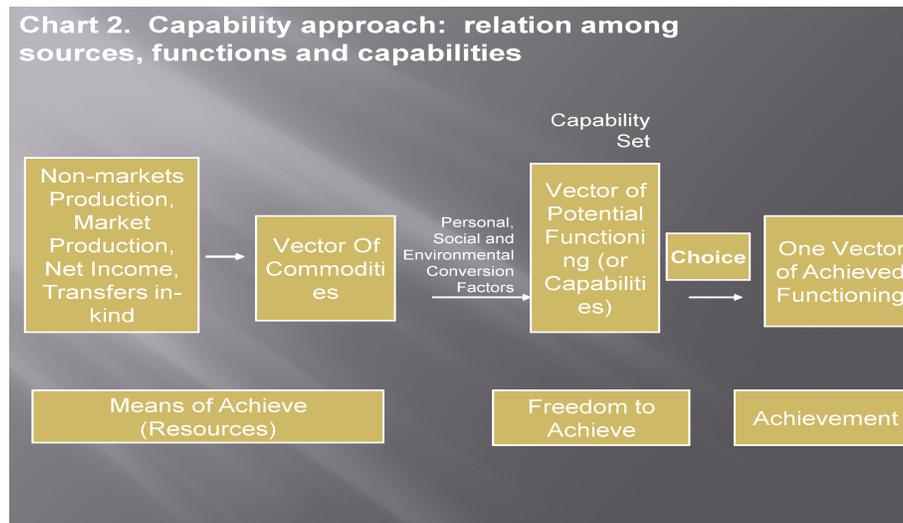
According to studies there are different challenges in paying cash subsidies: identify problem, administrative costs, and physiological problem for the poor (see: Sen, 1995; Stewart, 1996). Beside these issues, another point is that in an economy with high inequality in assets, the negative secondary inflationary effects of "getting right prices" can be more than the initial effect of cash subsidies. Indeed, in this situation efforts for improving the Poor's welfare through this policy can lead to the opposite effects on poor; as Mirdhal (1957), Stewart and Streeten (1976) and Cornia (2004) argue the free market mechanism is associated with "cumulative causality": i.e. the automatic performance of market forces tend to increase the inequality.

Capability or Human Development Approach:

Pioneered by Amartya Sen, capability approach or human development (HD) paradigm adopts a holistic approach to socioeconomic issues. It is rooted in critical approach to the narrowly disciplined approach of mainstream economics that disintegrates different fields of social sciences. HD paradigm believes that all of these aspects construct a unified body of knowledge in social reality. As Puntam (2002) argues HD builds upon the classical economist approach including Smith, Stuart Mill and Marx. Sen (1987) argues that the hegemony of "positivism" has led to the establishment of "engineering approach" to economics. True that this approach has been successful in giving solutions to technical issues of economic life, however, it has failed to address the issue from a humanist perspective, as it leaves less room to address the important question of Aristotle "what is the meaning of well being? Hence, Sen rejects what is called "minimalism" and tries to put socio-ethical aspects of classical theory into economics.

Within the framework of HD, utility or its proxy, i.e. income, is not sufficient to measure the well-being or welfare due to the reason that it is information base and therefore it is not complete. For instance, different families and individuals with the same income could have different functions and achievements simply because their abilities differ given a sum of money. Therefore, the concepts of "entitlement" and "capability," introduced by Sen, argue that more capability means more freedom in making choices and functions which are the final goal of life from Aristotle's perspective (for example, see Sen, 1999). If having more capabilities that one prefers would give a better measurement for

evaluation of well being of people, then what are the determinants of capability? Here, capability approach argues for the importance of both social and personal factors and interrelation between them (see: Chart 2).



Source: Robeyns, 2001

At the micro level the personal aspects of individual is important to be able to change the vector of commodities to the vector of achieved functions but at the same time social environment at macro level has important role in improving personal capabilities of individuals. Semi public goods like health, education and democracy are important because of their "constitutive" and "instrumental" roles in human life; and the government has an important role in proving these goods and making them accessible for all of individuals. The government intervention, however, does not mean that market mechanism should be under complete control of the state since market is also an aspect of freedom (see Sen, 1999).

The social aspect of capability approach is rooted in Sen's perception of freedom. Using the Asia Berlin's distinction of freedom into negative and positive and also a distinction made by himself, intrinsic and instrumentals roles of freedom, Sen gives four different types of freedom and advocates the positive- intrinsic freedom (see: Chart 3).

Negative freedom means independence from any interference by others, including state and institutions and person; this kind of freedom is usually considered by advocates of Neoliberal monetary approach; getting to the right prices, liberalization, privatization and deregulation, aiming to get to a minimum level of government, come from this approach to freedom. Positive freedom means what a person is actually able to do or to be. When individuals cannot use the opportunities due to not having access to primary goods raises the question of what is the benefit of negative freedom for this people. From this perspective making a social environment in which people could be able to increase their capability is important.

Chart 3. Classification of freedom in terms of Berlin

and Sen's approaches

Freedom	Negative	Positive
Instrumental	Milton Freedman	Jermy Bentham
Intrinsic	James Buchanan, Robert Nozick	Karl Marx, Amartya Sen, Paul Streeten, Jon Rawls

Source: Based on Sen (1987)

According to capability approach, the strategy for combating the poverty is not to give up markets and liberalize all prices and then help the poor through paying cash subsidies. State, by contrast, has an important role in enhancing the capabilities of people: providing public goods and semi public goods (education, health care, and foods). From this perspective, allocating the subsidies to such goods not only has no negative effects on growth or freedom but also is considered as a kind of investment which can increase the productivity of factors and improve real freedom or capability of individuals. Human Poverty Index (HPI) is a primary index to measure the poverty from this point of view. It goes beyond the monetary poverty line and measures poverty based on access to education, longevity, clean water and also per capita income; at the same time it could be disaggregated in order to evaluate the gender gap which gives more information on the poverty. With respect to the set of goods that should be considered in measuring HPI, there are different suggestions (for example, see Nussbaum 1995, 2003).

Social Exclusion Approach:

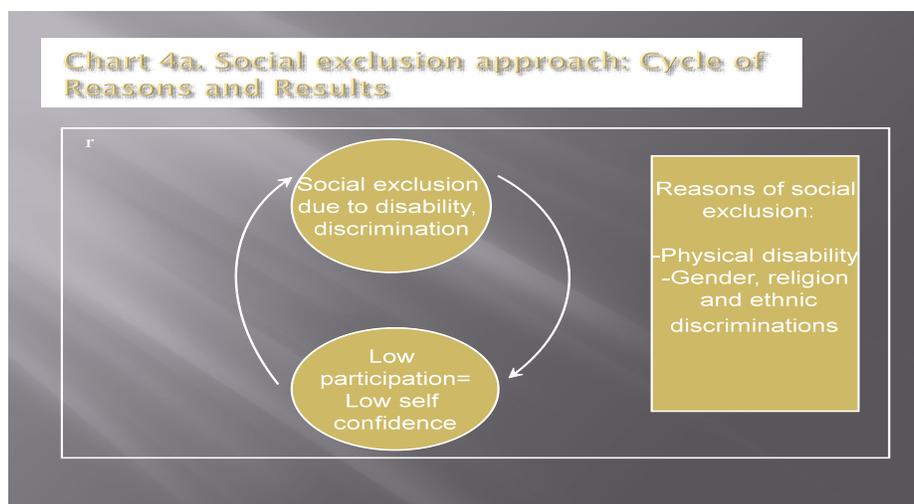
The concept of social exclusion approach appeared first in France to explain marginalization of some social groups and their deprivation and poverty; then it was used in UK and other European countries like Hungary and Italy with ethnic Gipsy minorities to explain increasing beggary and issues such as robbery and crime. Its historical background goes to Adam Smith when he says “the ability to appear in public without shame” is among the “necessaries” not being poor (Sen, 2000).

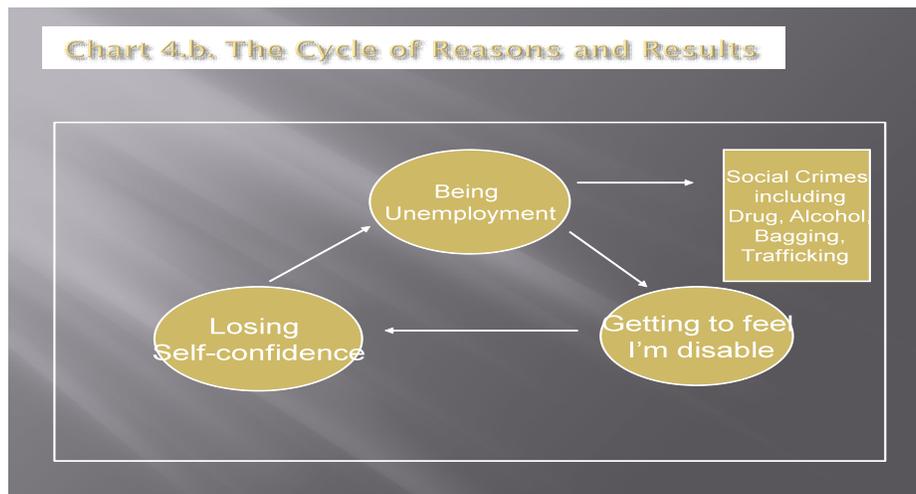
From this perspective, poverty is a social multi-dimensional, multi layered, and dynamic phenomenon which is mainly rooted in gender, religion, ethnic and disability discriminations or also unemployment. Inability of social groups to participate in society is both an effect and a cause of poverty. These aspects mean that poverty is related to more factors than only income and it is also more complex than is defined by monetary approach. For example, being unemployed despite receiving an acceptable pension could lead to poverty; when individuals are unemployed for a long period they gradually get used to this problem that they are not able enough to make money and to be effective in

society and this leads to more inability in getting job and participating in society. This is also right in the case of unsatisfied jobs; although there is an income payment enough to be above the poverty line but the individuals involving with this kind of jobs think that they are not doing well and are not effective enough.

The studies (for example, Nevile, 2006) show that despite being of welfare systems in these countries, including unemployment pensions, poverty and deprivation has increased. This approach tries to give a much broader and holistic explanation of poverty based on an interdisciplinary approach which is a combination of economics, sociology, psychology and politics. Interaction between micro and macro factors with a focus on social relations is emphasized in this framework. There is also an interaction between causes and effects of poverty (Haan, 1999). Feeling to be excluded and not be able to appear in public and participate in society on one hand and losing self confidence on the other hand reinforce each other which lead to more deprivation (see; chart 4).

This perspective, as mentioned above, is mainly related to the developed countries but it has been applied in developing countries where the mentioned discriminations due to political systems or cultural issues are very strong. Applying this approach in some developing countries like India, Venezuela, Tunisia, Tanzania and Peru (see: Saith, 2001) and the Middle East (Silver, 2007) confirms that poverty is a multidimensional phenomena with strong relation between different kinds of social exclusion, loss of self-confidence and falling in poverty trap . From this point of view, one of the basic ways to combat poverty is to strengthen the social networks which are considered as social capital. This kind of social section along the elimination of discriminations give more ability to discriminated groups to integrate in the society and to improve their living standards, given the initial level of income.



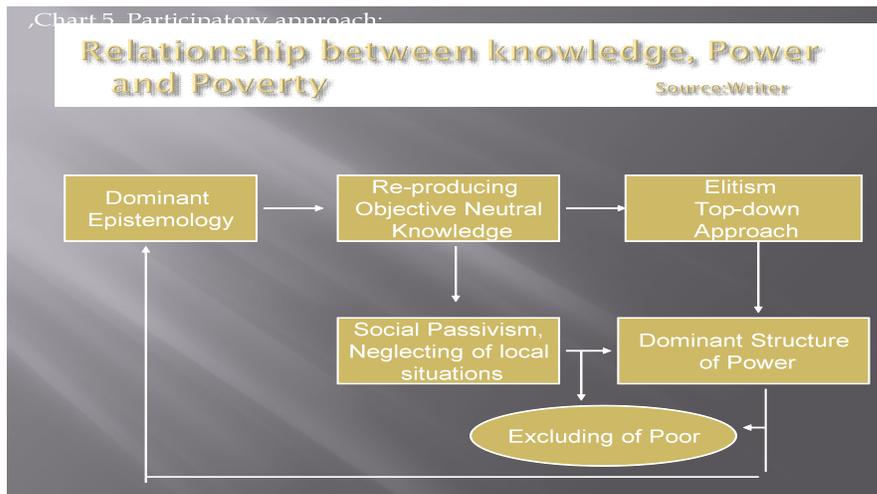


Source: Authors

Participatory Approach:

This approach, similar to the capability and social exclusion approaches, argues that poverty is a multidimensional phenomenon which is mainly related to the structure of power. To be excluded from the society, as a reason for chronic poverty, is emphasized by this approach too but there is a difference. Participatory approach focuses on the role of current mainstream epistemology as the main source of excluding of poor from policy making decision. Thus, from this perspective, the recommended social action policy is to break down the hegemony of mainstream epistemology in which it is supposed that “Positivism” knowledge is scientific and other kinds of knowledge such as local knowledge is useless (Sachs, 1992; World Bank, 2006). Indeed, there is a link between knowledge and power from this perspective. On the one hand, the mainstream epistemology by emphasizing on neutrality as a criterion for making “scientific” knowledge leads to the establishment of elitism top-down approach to policy making decision and economic planning in which there is no role for poor to play. Elites pay attention only to their knowledge which makes a top-down policy making decision in which there is no room for poor and local knowledge. On the other hand, it leads to social passivism. Poor people accept that their situation is natural and there is nothing to do. The hegemony of this kind of knowledge along the social pacifism results in dominant structure of power and reproduction of the current hegemony (Chart 5).

Participatory approach believes the deconstruction of current knowledge as epistemological foundation of uneven power aiming to make a new society with less uneven power as well as less poverty. This approach is rooted in Post-modern approach to development process. Post modernism or Post-development in its radical perception as an anti growth approach argues that the development process which has been followed during past decades or centuries has resulted in disturbing the environment, ethics and



Source: Authors

humanity. Thus, instead of development discourse it talks about the “end of development”. Developing countries involving with chronic poverty must pay attention to their own local knowledge and organizations which are much more consistent with the environment than the western knowledge (Rahnema and Bawatree, 1997; Escubar, 1995; Latouche, 1993 and 2007; Sachs, 1992; Rist, 2003). Indeed, from this point of view, development discourse which was introduced after the Second World War is a neo-colonial program for perusing people in these countries to follow the modernization in western style so it leads to more poverty instead of getting to prosperity. Poverty is defined based on needs and needs is defined according to western life style. In other words, if developing countries get back to their self and their own discourse, they would feel that they are not poor as are considered by ‘others.’

The moderate perception of this approach, “critical Modernization”, despite its critiques of the development paradigm, respects the progressive aspects of development process including human rights and modern health and education systems which have raised the longevity of people and has more or less removed the gender or ethnic discriminations in western countries. From this point of view, the local knowledge and also local differences should be taken into account in policy making decision and economic planning process (World Bank, 2006; Peet and Hurtwick, 1999; Chambers, 1994, 1997).

In defining poverty, in line with what is mentioned above, there is an emphasis on paying attention to feeling and understanding of poor people. Hence, this approach encourages the field studies including being among the poor to get more information, to deeply understand poverty and also to respect their information and knowledge. Giving up an external and centralized definition of poverty and paying more attention to perception of poor result in critiques of top-down development process.

From social policy action perspective, this approach emphasizes on bottom-up development process in which the Poor’s participation in addressing the poverty

including decision-making on the projects and implementing them are at the centre of the recommendations. One of the best examples of this kind of social policy action in tackling the poverty is experience of Bangladesh Grameen Bank managed by Yunus Mohammad, winner of Nobel Peace Prize in 2006. This bank was established in 1976 to help the poor women and to work based on small financial contribution of poor in Bangladesh. This participatory institution has been able to make improvement in quality of life of the poor through their participation in establishing the bank, defining projects and implementing them, and selling the products in the market and improving their local knowledge through learning by doing (Stiglitz, 2007).

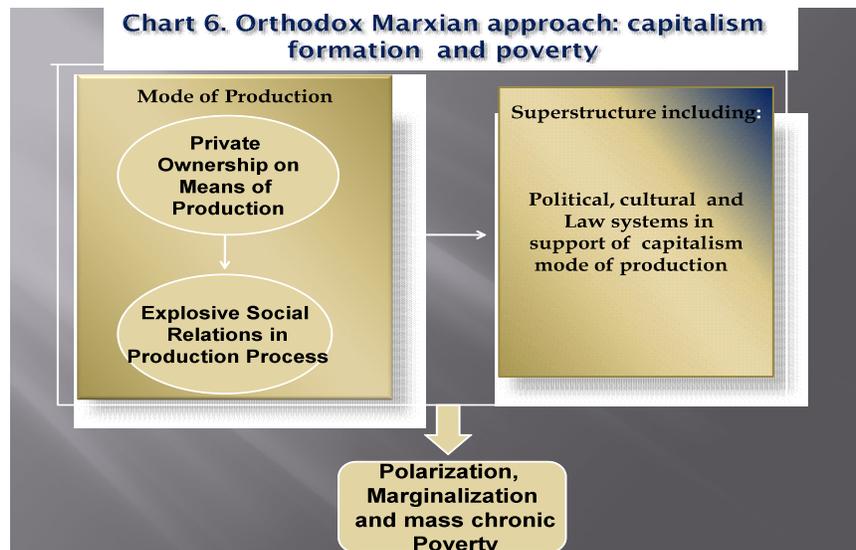
Marxian approach:

The Marxian approach is similar to participatory post-development approach in criticizing the power structure but there is a main difference between them. While the Marxian approach believes that it is possible to make a kind of positive power based on hegemony of labor class, post-development approach believes all kinds of power need to be criticized and demolished. There is another important difference between these two approaches. The Marxian approach within the framework of material historical stages believes that capitalism mode of production despite its explosively social relations is at the top of evolution and the rest of world in framework of material historical stages has to follow the way that developed capitalist countries have already experienced it. From this point of view development is appreciated. Capitalism development process is criticized not for its highest historical evolution of mode of production but for its explosively social relations. In contrast, as mentioned above, the concept of development is criticized by participatory approach and it tries to show that this concept is a Eurocentric concept in which it is supposed the Western part is the engine of progress and center of knowledge and civilization so development for East necessarily defines as westernization. From this point of view, participatory approach criticizes Marxian approach to development and argues that there is no difference between this approach and the mainstream development approach in terms of paying attention to development paradigm.

From an orthodox Marxian view mass chronic poverty is a logical result of capitalism mode of production and private ownership of means of production in which labor is used by bourgeoisie to produce surplus value- difference between what is paid to worker and the value of what is produced by worker. This surplus is source of capital accumulation which is necessary to drive the growth. For Marx, capitalism formation as one of formations in historical stages of progress inherently tends to expand accumulation otherwise the wheels of system stop. But getting to more surplus value means paying to worker at an extent which only enable him/her to reproduce labor and surplus. This payment or wage is called subsistence wage. This system can work because means of productions are in the hands of bourgeoisie so they are able to determine wages as to maximize the surplus. Mode of production is accompanied with other side of coin, social relations of production in which employee-employer relations is defined and enforced. The function of political, laws and cultural elements is to protect the established social relation of production. Polarization of society between a rich minority and a poor majority is inevitable in the capitalism system.

Poverty from Marxian view implies a situation in which individuals are not able to realize their real potential due to dominant of profit seeking logic of accumulation. This means that poverty is a social phenomenon which is logical outcome of a class based mode of production in which all of relations is reduced to profit. Relations between human and human and between human and nature is regulated in terms of money so workers are considered as means of maximizing surplus value or profits not as a part of humanity which should be paid at extent to realize their potentials.

The social policy action from this view is trying to replace the capitalism system with its alternative socialism in which private ownership of means of production along the class exploitive social relations is replaced by a new social non-class order. Chart 6 summarized the relation between poverty and class based economic and political structure of power.

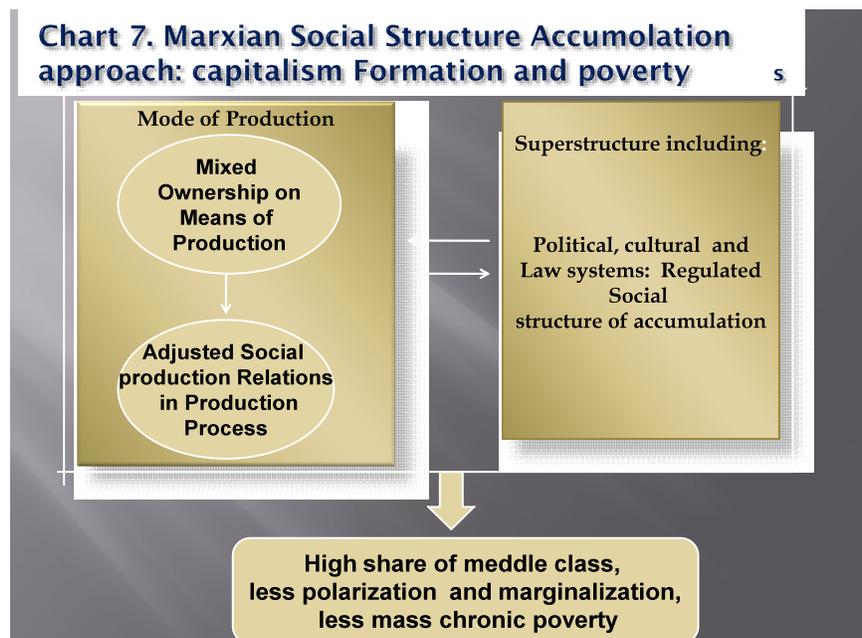


Source: Authors

Marxian Social Structure of Accumulation Approach:

The capitalism history has showed it could be able to reduce the class conflicts by establishing new kinds of institutions. Thus, there have been different revised Marxian theories to explain how this system is able to manage the social conflicts in order to keep a good institutional environment for capital accumulation in which a part of surplus values goes to social investments. Social Structure Accumulation (SSA), introduced by Gordon, Edwards and Reich (1982) and extended by Kotz et al. (1994), Kotz (2003, 2006), Lippit (2005, 2006), among others, tries to investigate why this system can manage the class conflicts, more or less in a way that mass chronic poverty has been controlled. SSA is mainly trying to explain the long historical swings and fluctuations of capitalism system and starts from this point that the capital accumulation could take different forms depending on the type of regulations which are taken as institutional support for the whole system. This means the orthodox Marxian perception in which there is one way relationship from economic infrastructure or mode of production to

institutional superstructure is not right. Indeed, SSA rejects the economic determinism and argues that institutions as social structure could affect the mode of production through adjusting the pure private ownership and social production relations. This institutional background can determine the rate and acceleration of capital accumulation as well as the direction of investments with high social rate of return or to speculative investments with high private rate of return and high risk. Chart 7 summarizes the SSA view on the interaction between institutional structure and the mode of production and capital accumulation.



Source: Authors

From this perspective there have been different kinds of social structures of accumulation in different historical periods of capitalism system; new kind of SSA is necessary for system to overcome the problems which treats its legitimacy. Although this system is mainly based on individual competition when the class conflicts rise up new institutional structure including labor unions and minimum wage or labor law or new regulations in financial and money markets appear in order to make new alliances between capital and labor. There are generally two kinds of institutional structures: neoliberal IS and regulated or interventionist IS; the first one is defined as an institutional structure in which profit rates is stimulated using policies like privatization, liberalization, deregulation and generally minimizing the role of state in organizing markets; reducing real wages and public spending with important welfare effects on poor is consequences of this kind of IS. Adjustment and stabilization policies recommended by “Washington Consensus” and implemented by many countries in 1980-2008 is a recent historical evidence of Neoliberal IS. The regulated IS defined as institutions in which the labor-

capital relations as well as financial markets are regulated and managed in a way which leads to higher real wages, stable social security and job, and more social investments with high social rate of return rather than financial investments with high private rate of return and instability. The implemented regulations with respect to minimum wage and social security in the years after second world war to 1970th which called welfare state or Fordism period is a recent historical evidence for this kind of institutional structure. Using the classification of Chakrabarti and Cullenberg (2005) from surplus value to “production surplus value” and “social surplus value” it would be argued that in framework of neoliberal institutional structure the share of “social surplus value” is less than regulated IS; this part of surplus goes to social investments instead of distributing among the factors of production.

Poverty from this perspective is mainly related to uneven power structure which is related to ownership and institutional regulations. Balancing the capital-labor relations through making the new alliances in which the bargaining power of labor increases is necessary for both keeping capital accumulation with acceptable rate, bigger pie, and getting to better income distribution.

Comparative Comparison

As Sen argues the ultimate goal of development process is to increase the real freedom of people in the sense that they would be able to choose some choices which leads to more potential functioning (capabilities) and achieved functions. Therefore, what is important is the real freedom of people or in the words of Berlin’s positive freedom. Capability, social exclusion and Marxian approaches all are similar with regard to this point and hence they emphasize on the role of state in designing and implementing interventional welfare policies. Although, in paying attention to positive freedom, the Participatory approach is the same as the Marxian approaches, it differs from the Marxian approaches in terms of criticizing the top-down development and poverty alleviation strategies. Monetary or Neoliberal approach, by emphasizing on minimum state, indeed believes in negative freedom and hence has no room for policies and interventional welfare policies. Poverty for Monetary approach is a kind of natural phenomena which is mainly rooted in low productivity of poor but from other perspectives it is mainly a social and historical phenomenon. The level of analysis in first approach is individualistic and micro, in social exclusion. In contrast, the Marxian and Participatory approaches are social and macro. Although Capability approach has started from social welfare function with a micro foundation, it reached to the important role of environment and social factors in improving the capabilities of individuals so there is a micro-macro interaction from this perspective.

Poverty for Monetary approach is mainly a single dimensional phenomenon which is related to income or money so that the required policy action is “getting to the right prices” through privatization and liberalization and adjustment of the labor market regulations including minimum wage and labor contracts. Paying cash subsidies instead of controlling the prices and welfare polices is a complimentary aspect of this approach. From other perspectives, poverty is a multidimensional phenomenon so in order to address it in a correct way it is necessary to go beyond the monetary approach and

income based poverty line. The issues that should be addressed include the social environment including different kinds of excluding mechanisms, lack of access to education, health and basic infrastructures from capability approach, lack of social networks, ideological and organizational procedures from social exclusion perspective, current epistemology which excludes a part of society from decision making in the name of positive science and top-down looking at society, and capitalism as a social system in which a part of society has to sell its labor in subsistence wage are different factors which lead to poverty. From these perspectives it is impossible to address poverty properly without paying attention to these factors.

Power for Participatory and Marxian social structure of accumulation is a basic concept and a methodological approach to address the poverty; from these perspectives uneven power which is related to mentioned social factors should be broken down and demolished. Participatory approach analyzes the power based on the role of professional positive or scientific knowledge in hegemony of elites and educational institutions. Marxian approach analyzes it based on class conflicts and the hegemony of dominant class. Therefore, they propose different policy options: participatory approach tries to demolish every power structure but Marxian approach tries to change an uneven capitalism based structure of power to an egalitarian based power including socialism or regulated capitalism. Capability and social exclusion approaches are not built directly based on power concept but they deal with it indirectly by paying attention to social environment which leads to low capability or different kinds of exclusions. There is no attention, direct or indirect to power, in monetary approach. It assumes that markets are free of power institutions. The following table summarizes the main aspects of these approaches to poverty.

Radical version of participatory approach does not believe in “development Paradigm” and argues that it is a Euro centre discourse which aims to western world. Thus, the definition of poverty from this point of view should be replaced by perception of people in their own countries and their local knowledge should be respected. MA, CA and SE approaches by emphasizing on respecting the local knowledge and by giving importance to the bottom of society to play a role in decision making is similar to the participatory approach but they generally accept the development paradigm and rejects anti growth aspect of PA. MA is completely a different approach in the sense that it believes in a mono economics and single top-down economic policies for all countries.

Comparative comparison of different approaches to poverty

Name of approach	level of analysis	definition of poverty and its reason	policy action
Monetary approach	Individual and micro	based on a single dimensional phenomenon which could be measured by single index of income; low productivity of poor is	getting to the right prices through privatization, liberalization, removing of wage and other welfare policies; paying cash subsidies to poor.

		reason of poverty	
Capability approach	Individual-social, micro-macro	based on personal and social effective factors on capability of individuals which is related to income, education, health and infrastructures	to increase the capability of individuals through providing basic semi public goods including education, health and other basic infrastructures by state
Social excluding approach	Social, macro	based on different kinds of exclusions (disability, gender, religious, minority) which is related to political and social environment	removing social exclusions and to including the excluded people through changing the rules and social struggle and resistance
Participatory approach	Social, macro	based on inability of poor to participate in decision making process which is related to elite oriented epistemology and top-down development process both at national and international levels	to reject the current positive-normative dualism and paying more attention to local knowledge and deconstruction of current power structure in which there is no room for poor to participate in decision making process; establishing bottom-up participatory development process through social struggle and resistance
Marxian Social Structure of accumulation	Social, macro	based on inability of a part of society in realizing their potentials which is related to hegemony of capital and the relative institutional structure of accumulation	To minimize the class conflicts through getting to right egalitarian institutions; designing interventional and welfare policies including redistributive progressive tax system, minimum wage law, social security

Source: Authors

Conclusion

As this paper shows there is a consensus among the experts and theorists of poverty in the sense that poverty is a social-historical phenomena which is related to uneven power between dominant social groups and excluded social groups, capital and labor or formal elite oriented knowledge and informal local knowledge. Even capability approach which has started with a micro foundation in framework of Social Welfare Function believes in

interaction of micro and macro factors in explaining the poverty. The heterodox approaches to poverty from capability on the one hand to Social Exclusion, Participatory and Marxian Social Structure of Accumulation on the other hand give a broader and deeper understanding of poverty and show that poverty is a multi dimensional phenomenon which is related to socioeconomic environment. Given this point, the Monetary Approach simplifies poverty and reduces all of the multidimensional aspects of poverty to only the low productivity of a part of society and their low income without paying attention to historical and social roots of low productivity of poor including discriminations, lack of education and health and not having any role in decision making process. Logically, there is a great difference in addressing the poverty between orthodox and heterodox approaches. While monetary approach recommends deregulation of markets including labor market, heterodox approaches believe in a kind of regulation depending on internal situation of economies. Attacking to poverty from heterodox approaches, particularly Marxian SSA, PA and SE approaches, need a kind of social struggle and resistance against the dominancy and hegemony of power.

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