CHAPTER ONE

Introduction

The Conceptual Foundations of Poverty and Inequality Measurement

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There is a growing consensus among academics, policy makers, and even politicians that poverty and inequality should no longer be treated as soft social issues that can safely be subordinated to more important and fundamental interests in maximizing total economic output. This newfound concern with poverty and inequality, which dates back to at least the early 1990s (see Atkinson 1997), may be attributed to such factors as (1) the dramatic increase in economic inequality in many countries over the last quarter century, (2) the rise of a "global village" in which spectacular regional disparities in the standard of living have become more widely visible and hence increasingly difficult to ignore, (3) a growing commitment to a conception of human entitlements that includes the right to seek or secure employment and thereby be spared extreme deprivation, (4) an emerging concern that poverty and inequality may have negative macro-level effects on terrorism (cf. Krueger and Malecková 2003), total economic production (e.g., Bertola 2000), and ethnic unrest (e.g., Olzak forthcoming), and (5) a growing awareness of the negative individual-level effects of poverty on health, political participation, and a host of other life conditions. Although the growth of anti-inequality sentiment thus rests in part on an increased awareness of just how unequal and poverty-stricken the world is, it may also be attributed to an ever-evolving and accreting list of human rights (i.e., the "normative" account) as well as a growing appreciation of the negative externalities of inequality and poverty (i.e., a "consequentialist" account).

In what ways has the newfound concern with poverty and inequality manifested itself? This concern is, we would argue, principally revealed in the form of grassroots political mobilization on various anti-poverty platforms as well as a growing acceptance of and commitment to anti-poverty and anti-inequality initiatives among elite opinion leaders and their organizations (e.g., Millenium Development Goals). By contrast, academic research on issues of inequality and poverty has not flourished to quite the same extent, and the modest takeoff in such scholarship that is under way has focused disproportionately on matters of description and the methodological intricacies of measurement rather than more fundamental conceptual issues that, as we see it, must now be taken on (see Srinivasan 2004). The present book therefore provides an unabashedly academic approach to poverty and inequality reduction that proceeds from the radical assumption that more in the way of careful reflection and conceptual ground clearing might serve us well.

We emphasize conceptual issues not out of some intrinsic fascination with theory (although we confess to that as well) but because we think that pressing problems of policy cannot be adequately addressed without first making conceptual advances. The need for new conceptual work is especially apparent, we think, on three distinct but related fronts (see Kakwani 2004; Reddy 2004):

Defining the dimensions: Simple though it may seem, an important starting point is to develop and justify a list of valued resources that define the "inequality space," a list that presumably goes well beyond income (or wealth) alone. As many of our contributors note, there is a growing consensus that the income distribution cannot by itself satisfactorily capture the structure of poverty and inequality, yet much work remains in developing an elaborated list of endowments (e.g., schooling), investments (e.g., work experience), and living conditions (e.g., neighborhood attributes) that does suffice to describe this structure.

Characterizing multidimensional space: Secondarily, new methods must be developed to measure inequality and poverty within the context of this multidimensional space, a task that is complicated because a great many parameters may be required to adequately characterize such a space. Moreover, given that various social groups (e.g., classes, ethnic groups, genders) exist within this space and constrain patterns of interaction, researchers must develop models that recognize that these groups can give rise to distinctive preferences (e.g., a "culture of poverty") that in turn affect how individuals react to poverty and inequality.

Remediation in a multidimensional world: The third and final conceptual challenge is that of devising new approaches to remediation that remain viable under this more expansive definition of poverty and inequality. This task, which is arguably even more daunting than the foregoing two, requires targeting those aspects of inequality and poverty (e.g., residential segregation) that are causal with respect to many outcomes and hence likely to bring about cascades of change.

On each of these three fronts, important advances have recently been made, and obviously we do not intend to minimize such advances. We wish merely to identify these three research fronts as especially deserving of continuing attention. In hopes of spurring such a commitment, we have invited six leading scholars of inequality and poverty to lay out these three conceptual challenges in more detail, to identify other challenges that should be the focus of future scholarship, and to outline possible solutions to them.

The chapters of our book address to varying degrees the three themes identified above. The first contribution, authored by Amartya Sen, lays out the case for a multidimensionalist understanding of inequality and poverty, while the following chapter by Martha Nussbaum renders the multidimensionalist approach more concrete by developing an explicit list of "fundamental entitlements." In the next chapter, François Bourguigon likewise argues that the old income paradigm is unduly limiting, but he goes on to emphasize that a new multidimensionalist approach must solve major problems in measurement and modeling to achieve a "level of operationality" comparable to that currently enjoyed by the old paradigm. The final three chapters all attend to the rise of social groups within multidimensionalist space and the importance of developing a measurement approach that captures this social lumpiness. The contributions of William Wilson and Douglas Massey address, in particular, the spatial concentration of poverty and the associated rise of an "underclass" and racially segregated neighborhoods, while the final contribution by Martha Fineman examines the peculiar institution of gender in which males and females are assembled together into families on spectacularly unequal terms.

As the foregoing makes evident, we have developed a book that is unapologetically conceptual in its approach, but hopefully not one that, by virtue of this emphasis, appeals only to ivory-tower types. We devote the rest of this introductory chapter to an intellectual history of inequality and poverty scholarship that situates our contributors in their disciplinary context and thus prepares the uninitiated to nonetheless profit from these contributions. We concentrate on the disciplines of economics and sociology because of our own backgrounds and because the most sustained commitment to understanding poverty and inequality is perhaps found within these disciplines.

This intellectual history reveals rather stark disciplinary differences in how the study of inequality and poverty have been pursued. These differences emerge, in part, because both disciplines have long-standing research traditions on poverty and inequality, traditions that are so well developed that their distinctive approaches have crystallized and differences have become magnified. This is not to suggest that the disciplines have developed independently of one another. Indeed, each discipline has worked with stylized and outdated understandings of the orientation of the other discipline, a state of affairs that this book seeks to begin to rectify. The purpose, then, of our introductory chapter is to rehearse the main conceptual tools with which the disciplines of economics and sociology have historically sought to organize and make sense of inequality and poverty. We do so separately for each of the two disciplines and then, at the close of the chapter, outline the conceptual issues that both disciplines should begin to address in analyzing poverty, inequality, and distributional questions more generally. This exercise will, we think, set an agenda in this area for the social sciences and cognate disciplines, an agenda to which the disciplines could contribute in their own particular way, singly or in concert.

THE VIEW FROM ECONOMICS

We begin with a characterization, perhaps controversial, of the last thirty years of research on distributional questions in economics, especially development economics. Somewhat arbitrarily, consider the period beginning with Atkinson's classic 1970 paper "On the Measurement of Inequality" (Atkinson 1970), and ending with Atkinson and Bourguignon's state-of-the-art edited volume, *Handbook of Income Distribution* (2000). These thirty years may be divided, very roughly, into a first phase stretching from the 1970s to the mid-1980s and a second phase stretching from the mid-1980s to the end of last century. The first phase was one of great conceptual ferment and was exciting for that reason, whereas the second phase was focused on consolidation, application, and fierce policy debates, especially on the distributional consequences of macroeconomic policies in developing and transitional economies. We review each of these two phases below.

The First Phase: Conceptual Ferment

The first phase, covering the 1970s and early 1980s, was one of conceptual ferment around four broad questions:

- How should inequality and poverty be measured?
- Should policy recommendations on issues of poverty reduction and equalization rest on simple utilitarian premises?
- Are households best treated as unitary entities?
- Can the complicating effects of social interaction be readily incorporated into analyses of poverty and inequality?

We consider in turn each of these conceptual questions and the conceptual ferment that they engendered.

The debate over how inequality and poverty are best measured has a long and distinguished history. In the 1970s, three key contributions defined this ongoing debate: Atkinson's 1970 paper "On the Measurement of Inequality" (Atkinson 1970), Sen's 1973 book *On Economic Inequality* (Sen 1973), and Sen's 1976 paper "Poverty: An Ordinal Approach to Measurement" (Sen 1976). These contributions provided a way into conceptualizing and operationalizing value judgments on distributional issues, serving as an antidote to a natural instinct among economists to avoid distributional questions, an instinct that goes back to debates in the 1930s launched by Robbins' *The Nature and Significance of Economic Science* (Robbins 1932). The appearance of these papers in the 1970s sparked a prolonged discussion of how to incorporate distributional value judgments. In the literature on poverty measurement, the culmination of this process was undoubtedly the famous 1984 paper by Foster, Greer, and Thorbecke, "A Class of Decomposable Poverty Measures" (Foster, Greer, and Thorbecke 1984). The poverty measure developed in that paper has now become the workhorse of applied work on poverty the world over.

The debate on utilitarianism and its usefulness in policy prescription also emerged in the 1970s as philosophical discourse began to enter and enrich economic work on distributional issues. The influential paper by Mirrlees, "An Exploration in the Theory of Optimal Income Taxation" (Mirrlees 1971), is famous for many reasons (including winning a Nobel Prize), but perhaps especially for its application of thoroughgoing utilitarianism to the policy question of how progressive income taxation should be. The shortcomings of such utilitarian fundamentalism were, by contrast, highlighted by Sen in a number of well-known works, including his 1987 book, *The Standard of Living* (Sen 1987). In a related line of analysis, Arrow (1973) introduced Rawls (1971) to mainstream economists in terms they would understand, namely maxi-min strategies in the face of uncertainty (also Nozick 1974). As Rawls argued, when people are placed under a "veil of ignorance," they should rationally support a constitution that aims for the greatest good of the worst off because, "but for the grace of God," any one of them could be the worst off. As a sign of this new intercourse between economics and philosophy, such journals as *Economics and Philosophy* and *Philosophy and Public Affairs* were filled with contributions from both disciplines.

At the same time, economists were also completing the conceptual work necessary to represent processes of social interaction in a wide range of economic models, including those pertaining to poverty and inequality. Within the rational choice framework, Akerlof, Spence, and Stiglitz sought to incorporate issues of imperfect and asymmetric information into economic models, thereby launching a body of work that won them the Nobel Prize in 2001. This framework was used by Akerlof (1970) and Stiglitz (1973) to analyze the underclass in developed economies and to explain why the very poor in developing countries failed to invest much in education. It was argued that, in the presence of imperfect and asymmetric information, the market economy can produce multiple equilibria, some more efficient and more equitable than others, and that public action and intervention was necessary to move away from the "bad" equilibria.

As a final example, we move to debates about the proper unit of analysis for poverty research, debates that flourished during this period because of concerns that the usual household-based analyses ignored intra-household exchange and thus glossed over inequalities prevailing *within* households. The obvious starting point here is again the work of Sen. In the 1970s and early 1980s, a series of publications (some of which are reprinted in Sen 1984) brought home to economists that "unitary" models of the household, models that ignore intra-household inequalities, simply could not capture or explain the evidence on deprivation among females in developing countries. Although slow to develop, this line of inquiry ultimately blossomed, leading to much important applied and policy analysis.

The Second Phase: Consolidation, Application, and Policy Debate

In the mid-1980s, the foregoing conceptual ferment on distributional issues gradually died down, and the field moved into a new phase of consolidation, application, and policy debate. This second phase was neither less useful or less exciting, just conceptually less innovative. How did this second phase play out? We answer this question by returning to each of the four arenas discussed in the prior section and considering how the literature in those arenas developed.

With respect to matters of measurement, the various "index wars" of the 1970s gradually waned, and attention turned to applying existing indices to data sets in rich and poor countries alike. This second phase was characterized, in particular, by increased availability of household survey data sets for developing countries. In Africa, for example, Cote d'Ivoire fielded the first high-quality nationally representative household survey in 1985, and presently more than a dozen countries have at least one such survey. Indeed, half a dozen African countries now have panel studies (in which the same households are surveyed two years in a row), as do many other countries throughout the less developed world. This increase in data availability means that the measures developed in the 1970s and 1980s will have many applications in the years to come.

The literature on intra-household bargaining and gender issues has also progressed to consolidation and application. When a group of economists (Alderman et al. 1995) wrote a paper entitled "Unitary versus Collective Models of the Household: Is It Time to Shift the Burden of Proof?" they provided a strongly affirmative answer to their rhetorical question, an answer that would once have been controversial but is no longer. There is of course still resistance from adherents of the "unitary" model, but the debate is more on the details of particular empirical tests, not on whether factors such as intra-household bargaining between the genders in principle have a role to play.

The asymmetric information literature that Akerlof, Spence, and Stiglitz spawned is now part of standard graduate courses. Indeed, basic textbooks in development economics, such as that of Basu (1997), apply this perspective to frame much of the discussion of underdevelopment. Also, other social structures, such as the caste system, are increasingly modeled and incorporated into standard economic discourses.

Finally, the interaction between economic and philosophical discourses has also "normalized," in the sense that much Kuhnian normal science appears in the new journals that were founded two decades or so ago. However, even though virtually all economists now know what is meant by the term "Rawlsian objective function," philosophical issues no longer animate them or their graduate students to the same extent that they did twenty or thirty years ago.

Has all ferment disappeared in the field? Surely not, but such ferment as can be found centers on issues of policy, not conceptual issues. In the wake of the oil price shocks of the 1970s, many developing countries in the 1980s adopted (or, depending on your point of view, were forced to adopt) programs of "structural adjustment." These programs, primarily introduced in Latin America and in Africa, contained the key elements of the "Washington Consensus," such as opening up economies to trade and capital flows and reducing the role of the state in the economy. With the fall of the Berlin Wall in 1989, countries of Central and Eastern Europe and the former Soviet Union also adopted, or were forced to adopt, similar policy packages. In the late 1990s, the world experienced a series of financial crises, which many attributed to these same policies, especially deregulation of financial markets and flows. The foregoing issues have now been subsumed under a general (and generally unhelpful) catchall heading of the debate on "globalization."

The debates of the last fifteen years in development economics have crystallized around the consequences of these policies and these developments, particularly for poverty and inequality (see Kanbur 1987; 2001). The conceptual advances of the first fifteen years, especially in the measurement of poverty and inequality, have of course been put to good use as new data sets have become available. The resulting debate has been fierce, with the term "Washington Consensus" acquiring the status of a term of abuse in some quarters. However, none of this debate has led to new conceptual questions, and indeed old and vague "market versus state" formulations continue to loom large in many of the exchanges. This conclusion is evident from the types of economic questions that abound in these debates: Is economic growth good for the poor? Is trade openness equitable and efficient? What exchange rate regime leads to least unemployment? Is international capital cartelized around the leadership of the Bretton Woods Institutions? Important as they are, these questions do not call forth major conceptual advances in the core of economics, at least not to the extent evident in the first phase. Fiercely debated? Yes. Conceptual ferment? No.

The Third Phase: Renewed Conceptual Ferment?

It is high time, then, to begin the task of rethinking the economic analysis of poverty and inequality. As Sen (Chapter 2, p. 30) notes, "there is room for more conceptual questioning and greater foundational scrutiny at this time, both for reexamining old problems (they rarely go away) and for addressing new questions that have emerged in the contemporary world." We identify below several conceptual problems that contemporary economists seem poised to take on.

Fixed and Rational Preferences? We note, first, that economic analysis of poverty and inequality remains based on rational choice models. In empirical work, individual consumption is taken to be the indicator of individual well-being, meaning that an increase, for example, in cigarette or alcohol consumption is logged as an improvement (in well-being). This practice is of course justified on the grounds that the individual has (nominally) chosen those activities. Although recently developed theories of addiction and new "behavioral economic" models have permitted economists to relax conventional rational choice assumptions, these developments have to date scarcely made a dent in the empirical literature on the measurement of poverty and inequality. By way of illustration, note that the World Bank recently issued two reports that are difficult to reconcile, one on the individual and social costs of smoking in developing countries (World Bank 1999), and another on poverty in developing countries in which an increase in expenditure on cigarettes is recorded as a decrease in individual poverty (World Bank 2001). The seeming contradiction between these reports has simply not registered. Across a wide range of fields, behavioral economics has revolutionized economic analysis by marrying economics and psychology (see Thaler 1991; Rabin 1998; Camerer, Loewenstein, and Rabin 2003), a development that will continue to spread and enrich many fields. Eventually, economic analyses of poverty and inequality will no doubt reflect this development, although much is to be said, we think, for spurring such development along.

Whether or not individual preferences are rational, another longstanding assumption of economic analysis is that such preferences are fixed and "given," meaning that they are unaffected by changes in personal circumstances or in the cultural or institutional context. Despite widespread dissatisfaction with this assumption (how else could we explain advertising?) and past attempts to move beyond it, it still dominates theoretical and empirical economic analysis today. It is nonetheless clear that this assumption is no longer tenable. As Nussbaum (Chapter 3, p. 48) notes, "the utilitarian framework, which asks people what they currently prefer and how satisfied they are, proves inadequate to confront some pressing issues of justice." Likewise, economists interested in issues of race are beginning to allow for adaptive preferences in their positive and normative analysis (e.g., Austen-Smith and Fryer 2003), thereby bringing their approach into closer alignment with that of some sociologists featured in the volume (e.g., Wilson Chapter 5). This conceptual development is again one that could usefully be spurred along.

Individualism in Poverty and Inequality Measurement The measurement of inequality and poverty, starting from Atkinson (1970), has long been individualistic in the sense that the object is to measure difference between individuals and to aggregate these differences in a single index. Within this formulation, the technical literature has developed the theory of "decomposable" measures, and the empirical literature uses these measures extensively (e.g., Foster, Greer, and Thorbecke 1984). However, when decomposability is insisted on for all possible subgroupings, Sen (Chapter 2, p. 44) points out that a basic conceptual problem emerges: "[M]athematically the demand that the breakdown works for every logically possible classification has the effect that the only measures of inequality or poverty that survive treat every individual as an island. . . . The mathematical form of decomposability has had the odd result of ruling out any comparative perspective (and the corresponding sociological insights), which is, in fact, fatal for both inequality and poverty measurement." Because of this mathematical implication, Sen (Chapter 2, p. 44) goes on to call for measures that are sensitive to group partitionings, an approach that recent research on "polarization" has indeed adopted (Zhang and Kanbur 2001; Duclos, Esteban, and Ray 2004).

The need to represent individuals in relation to each other, and in relation to groups, goes beyond such technical considerations of measurement. The policy recommendations coming out of the economics literature have been fundamentally individualistic in nature and have failed, therefore, to appreciate that inequality is institutionalized in ways that give rise to socially meaningful groups that take on a life of their own. It is well understood, for example, that gender inequality is a central dimension of inequality, but the precise nature of gender inequality as a social construct is something that economists, using conventional analytic and measurement tools, have not yet successfully modeled. As discussed above, this is partly because adaptive preferences are still to be fully incorporated into economic analysis, thus ruling out a discussion of "preferences that have adjusted to their second-class status" (Nussbaum, Chapter 3, p. 48; also see Fineman, Chapter 7). The more general problem within the economics literature is that concepts of human beings in constructed social contexts need to be developed further, a problem to which we return in our discussion of sociological accounts of inequality and poverty.

Income and Multidimensionalism It is perhaps unsurprising that economics has seized on income as a major indicator of well-being and has accordingly treated income-enhancing policies as the centerpiece of any strategy to reduce poverty and inequality. As Bourguignon (Chapter 4, p. 76) notes "[M]uch of the economic literature on poverty relies on what may be referred to as the 'income poverty paradigm,'" a paradigm that is "technically close to achievement, [although] scholars as well as policymakers acknowledge that it does not permit a satisfactory analysis of all relevant issues related to poverty and inequality." The latter point is reiterated by Nussbaum (Chapter 3, p. 47): "the GNP [Gross National Product] approach . . . failed to take cognizance of other aspects of the quality of life that are not well correlated with economic advantage, even when distribution is factored in: aspects such as health, education, gender, and racial justice." Most obviously, the importance of mortality measurement in revising the "income poverty" paradigm is illustrated very simply and starkly by noting that whenever a poor person dies because of poverty (e.g., starvation, inadequate treatment for AIDS) *all* standard measures of income poverty will *fall*, including the well-known Foster, Greer, and Thorbecke (1984) family of measures. In a related illustration of the shortcomings of the income poverty paradigm, Bourguignon (Chapter 4, p. 77) also points out that income transfers to the poor typically fail to eliminate feelings of social exclusion (and may even exacerbate them), thus suggesting that income deprivation should not be regarded as the sole and defining feature of poverty.

The Human Development Index (HDI), which is a weighted sum of three components (income, literacy, and life expectancy), assesses the standard of living of individuals and populations in an explicitly multidimensional way and hence addresses some of the foregoing concerns (see UNDP 2001). The annual publication of the HDI is now an eagerly awaited event that inevitably leads to much debate and hand-wringing within nations that fare poorly on the index relative to their competitor nations (e.g., United States versus Canada, India versus Pakistan, Ghana versus Cote d'Ivoire). The benefits of HDI in terms of raising awareness of the multidimensionality of poverty have been incalculable, and it has been an integral part of the policy debates discussed in the previous section. But the conceptual foundations of HDI are clearly underdeveloped. If each component of income, literacy, and health improves, then we could perhaps declare an overall improvement in well-being. But what if the components move in opposite directions? How are they to be aggregated to arrive at an acceptable answer? And what is this overarching quantity to which aggregation leads? Or should we instead start from the meta-level and define an overarching concept (e.g., utility) into which each of the various dimensions feeds as a component?

Once again, Sen (Chapter 2) has provided a lead here with his ideas on "capabilities," and so too have Bourguignon (Chapter 4) and Nussbaum (Chapter 3). Much interesting and important work is under way. It would be fair to conclude, however, that concerns with multidimensionality have not to date penetrated into the mainstream of poverty analysis among economists, as simple estimation of the Foster, Greer, and Thorbecke (1984) income poverty measure is still very much the rule. Increasingly, education, health, and risk are treated as key ingredients of well-being, but such practice is diffusing only slowly, and typically each dimension is treated separately or as a subsidiary supplement to the income-based measure. For example, some scholars have sought to bring in "voice" as a supplementary dimension, but doing so in any integral way seems a long way off. Moreover, economists have not reached consensus on the dimensions that matter, nor even on how they might decide what matters (see Nussbaum, Chapter 3). Even in their rational choice frame, perhaps especially in this frame, economists have not yet succeeded in conceptualizing and then operationalizing the simultaneous evaluation of different dimensions of well-being, despite the remarkable efforts of some scholars. We suspect that releasing ourselves from the straitjacket of rational choice assumptions and moving to a more behavioral frame might well help in this endeavor.

THE VIEW FROM SOCIOLOGY

This ferment within economics partly arises from a renewed engagement with issues that were once regarded as the exclusive province of sociology. In this context, it is useful to next consider how the discipline of sociology has approached issues of poverty and inequality measurement, again proceeding with a brief historical review of the dominant measurement approaches. As we have just argued, "third-phase" economics has been partly animated by concerns fundamentally sociological in nature, yet we show below that economists have addressed these concerns in ways that are quite different from characteristic reactions within sociology. With respect to issues of measurement and operationalization, there appears to be rather little in the way of disciplinary cross-fertilization, despite the evidence of convergence in the conceptual challenges and problems that have been identified in each discipline.

This disjuncture in approaches is usefully exposed by rehearsing the history of poverty and inequality measurement within sociology over the last half century. As with economics, we proceed by identifying three phases within the field, thus again generating a highly stylized history. The debates in all three phases center around the question of how and whether inequality may be understood with models of social class that divide the population into mutually exclusive categories defined by employment status, occupation, and other job characteristics. As laid out below, the particular types of class models that are featured serve to distinguish the first two phases, while the third phase involves debates about whether class models of any kind suffice in representing contemporary poverty or inequality.

We choose to focus here on class-based approaches because they remain one of the few distinctively sociological approaches to poverty and inequality measurement. To be sure, many sociologists (e.g., Morris et al. 2001) carry out empirical research on income-based poverty and inequality, much like economists do. However, because sociological research on income draws directly on economic approaches and is accordingly derivative, nothing warrants a special review of that research here. It is perhaps more difficult to justify our decision to likewise omit from this review any detailed discussion of socioeconomic and prestige scales (e.g., Hauser and Warren 1997). After all, socioeconomic and prestige scales do have a distinctly sociological pedigree, and many sociologists have regarded them as an important alternative to income or class measures of inequality. We will nonetheless ignore such scales in the following review because they have largely fallen out of fashion and cannot, in any event, be readily applied to the study of poverty (as distinct from inequality). The three phases discussed below pertain, then, to class-based approaches exclusively.

The distinctive feature of class-based measurement is the presumption that the social location of individuals is determined principally by their employment status and job characteristics (especially occupation), the former determining the strength of their commitment to the formal labor force, and the latter revealing the market power and life chances of those with substantial commitment to the labor force. Under this formulation, the "underclass" includes those individuals (or families) with only a weak commitment to the labor market, while all other class categories serve to differentiate those who are strongly committed to the labor market but bring different skills, training, and abilities to it and are remunerated accordingly. Insofar as a distinctively sociological measure of poverty may be identified, it is accordingly the concept of an underclass (e.g., Wilson, Chapter 5; Massey, Chapter 6), a concept that serves within sociology much the same functions as that of "poverty" does within economics. Although sociologists are less concerned than economists with deriving exact head counts, these could readily be generated within the social class framework by simply operationalizing the concept of weak attachment and calculating the number of individuals (or households) falling into the weakly attached category. The remaining categories within a conventional social class scheme are typically defined in terms of occupational distinctions (e.g., professional, clerical, craft, laborer) or other job characteristics (e.g., amount of authority, type of employment contract).

The main advantage of class-based measurement, as argued by sociologists, is that class categories are institutionalized within the labor market and are accordingly more than purely nominal or statistical constructions. That is, just as social measurement within earlier historical periods (e.g., feudalism) is best carried out in terms of deeply institutionalized categories (e.g., serf, lord), so too there is much advantage in relying on such categories in the present day. The labor market, far from being a seamless and continuous distribution of incomes, is instead a deeply lumpy entity, with such lumpiness mainly taking the form of institutionalized groups (i.e., classes) that constitute "prepackaged" combinations of valued goods. These prepackaged combinations are

partly closed to (interclass) exchange, develop their own distinctive preferences and cultures, and define the boundaries of social isolation and participation. Within sociology, the implicit critique, then, of income-based approaches rests not so much on the argument that the income distribution is just one of many distributions of interest (i.e., multidimensionalism), but rather on the argument that measurement strategies based on the income distribution alone impose an excessively abstract, analytic, and statistical lens on a social world that has much institutionalized structure to it, a structure that mainly takes the form of "occupation groups." The rise of class models should therefore be understood as a distinctively sociological reaction to the individualism of both the "income paradigm" as well as other unidimensional approaches to measuring inequality (e.g., socioeconomic scales).

The foregoing account, which is a largely consensual rendition of the rationale for social class measurement, nonetheless conceals much internal debate within the field on how best to identify and characterize the boundaries dividing the population into such classes. These debates can be conveyed by rehearsing how the field has developed in three (somewhat) distinct phases over the last fifty years. The social class models emerging in the first phase provide sociological solutions, albeit very primitive ones, to the conceptual problems that emerge when one attempts (1) to develop multidimensional measurements, (2) to distinguish capabilities from outcomes, and (3) to understand the sources of social isolation. The social class models developed in the second phase are oriented, by contrast, to the problems of adaptive preferences and needs. Although such terms as "adaptive preferences," "capabilities," and even "social isolation" are not well diffused within sociology (at least not until recently), it is nonetheless useful to understand conventional class models as engaging with the ideas and concepts behind these terms, however indirectly and unsatisfactorily. Finally, the third phase of analysis within sociology is more self-critical, a phase marked by a growing (if still minority) sentiment that class models are diminishingly useful in understanding new patterns of inequality and poverty. We discuss these three phases in more detail below.

The First Phase: The Structuralist Rationale for Class Models

In the decades following World War II, there was of course much debate about the usefulness of the class concept, with some sociologists (e.g., Nisbet 1959) arguing that the concept was a nonempirical, metaphysical commitment that sociologists would do well to shed. Throughout this period, a large band of sociologists nonetheless continued to advocate for and apply class models (e.g., Wright 1979; Goldthorpe 1982), especially in the 1970s and 1980s as neo-Marxian formulations came into ascendancy.

Obviously, a wide variety of class formulations were on offer during this period, yet most of them shared the assumption that classes are prepackaged "bundles" of structural conditions (e.g., levels of education, income, health) that tend to cohere. The class of "craft workers," for example, historically comprised individuals with moderate educational investments (i.e., secondary school credentials), considerable occupation-specific investments in human capital (i.e., on-the-job training), average income coupled with substantial job security (at least until deindustrialization), middling social honor and prestige, quite limited authority and autonomy on the job, and comparatively good health outcomes (by virtue of union-sponsored health benefits and regulation of working conditions). By contrast, the underclass may be understood as comprising a rather different package of endowments and outcomes, a package that combines minimal educational investments (i.e., secondary school dropouts), limited opportunities for on-the-job training, intermittent labor force participation and low income, virtually no opportunities for authority or autonomy on the job (during those brief bouts of employment), relatively poor health (by virtue of lifestyle choices and inadequate health care), and much social denigration and exclusion. The other classes appearing in conventional class schemes (e.g., professional, managerial, routine nonmanual) may likewise be understood as particular combinations of "scores" on the fundamental endowments and outcomes of interest.[1] The long-standing presumption, of course, is that social classes cannot be reduced to a unidimensional scale because such endowments and outcomes do not necessarily vary together, an inconvenience that makes it inadvisable to resort to conventional socioeconomic scales or income-based measures of "social standing" (e.g., Jencks, Perman, and Rainwater 1988). The routine nonmanual class, for example, is characterized by superior educational endowments but relatively poor income and opportunities for promotion.

This formulation bears inadvertently on many of the concerns about poverty and inequality measurement that development economists have raised in recent years. Most notably, consider the affinity between (1) Sen's long-standing argument that capabilities (rather than outcomes) should be the object of measurement and (2) the class analytic presumption that classes are indicators of "life chances," where this concept refers to the "*typical chance* for a supply of goods, external living conditions, and personal life experiences" (Weber 1946 [2001]:133; italics added). In both cases, emphasis is placed on the opportunities that a given set of endowments afford, thus leaving open the possibility that such opportunities may be exercised or realized in different ways (depending on preferences or "luck"). This affinity in approaches is a striking example of how two disciplines can reach similar methodological conclusions through very different and quite independent pathways.

Although class membership has therefore been construed by Weberian class analysts as an indicator of capabilities (rather than outcomes), the question at hand is whether this interpretation is at all warranted. Is there any reason to believe that a contemporaneous measure of occupation better reveals capabilities than a contemporaneous measure of income? Surely, occupational outcomes are, no less than income, a reflection of past investments and other individual decisions, meaning that the preferences evinced in the past affect them. If there is any basis, then, for arguing that sociological approaches provide a better measure of endowments, it is merely in a forward-looking sense that takes for granted that past preferences have affected current situations but then asks how current situations constitute a fresh set of endowments that affect subsequent life chances. Under this formulation, a class analyst would no doubt argue (albeit with little in the way of evidence) that social classes outperform "income classes" in signaling such variables as schooling, on-the-job training, and working conditions (e.g., authority, autonomy), all of which may be understood as contemporaneous endowments that have implications for capabilities or life chances.

This interpretation leads us quite directly to the sociological approach to the problem of multidimensionality. For a class analyst, the space of outcomes and capabilities is presumed to have a relatively low dimensionality, indeed a dimensionality no more nor less than the number of postulated classes. That is, the social classes institutionalized in the labor market represent only a delimited range of "packages" of endowments and outcomes, meaning that only a small subset of the logically possibly combinations is empirically realized. It follows that the task of reducing a potentially complicated multidimensional space to some manageable number of dimensions is solved institutionally and does not require any complex statistical machinations (cf. Bourguignon, Chapter 4).[2] There are, to be sure, ongoing debates within the discipline about the number of social classes and where the dividing lines between them are best drawn, but the shared class analytic presumption is that some (reasonably parsimonious) class scheme exists that can adequately characterize this multidimensional space. The individuals falling within the classes comprising this scheme will accordingly have endowments (e.g., education) and outcomes (e.g., income) that are close to the averages prevailing for their classes. Moreover, even when individual scores deviate from class averages, the conventional class analytic assumption is that the contextual effect of the class is dominant and overcomes any individual-level effects. This type of contextual effect would appear to be ubiquitous; for example, the full professor who lacks a Ph.D. is typically just as marketable as a fully credentialed (but otherwise comparable) full professor, precisely because membership in the professorial class is a "master status" that tends to dominate all other individual-level ones.

The variant of multidimensionalism implicitly adopted by class analysts differs, then, from the variant advanced by Sen (Chapter 2) or Bourguignon (Chapter 4) because it recasts multidimensional space in terms of social classes that may be understood as institutionalized combinations of endowments and outcomes. As noted above, this approach to multidimensionality is distinctive in implying that (1) the multidimensional space of endowments and outcomes is reducible to a small number of classes, and (2) the class locations of individuals become "master statuses" that can dominate the effects of the constituent individual-level endowments and outcomes. In this sense, the sociological approach is profligate with assumptions that purchase a parsimonious representation of inequality, yet the empirical foundation for these assumptions remains largely unsubstantiated. The stereotypical distinction between the disciplines is accordingly reversed; that is, development economists seem rather willing to let the data speak for themselves, whereas sociologists operate under the spell of a class-analytic model that embraces a largely untested set of assumptions about the structure of the social world.

How, finally, might we understand the concept of social exclusion through class-analytic lens? The multidimensional space in which sociologists are interested includes, of course, the crucial dimension of social standing or prestige, conceived as the probability of receiving deference in social interactions with others. In a market economy, a main determinant of social standing is participation in the labor market and the associated willingness to "self-commodify" (e.g., Esping-Andersen 1999), the latter term nicely emphasizing

how market economies render all forms of worth, even self-worth, a function of market valuation. When individuals fail to self-commodify, they fall outside the most fundamental institutions of the society, thereby reducing them to nonentities and social ciphers. This is why a mere transfer of income to the underclass (see Bourguignon, Chapter 4) is inconsequential in relieving feelings of social exclusion. If anything, such a transfer only draws attention to the initial failure to self-commodify. Although a class map also embodies distinctions of social standing among those who have an enduring commitment to the labor market, the social divide between the underclass and all other classes looms especially large because it captures this fundamental insider-outsider distinction.

The Second Phase: The Culturalist Rationale for Class Models

In the mid-1980s, Bourdieu (1984) and other sociologists (especially Wilson 1987) sought to develop a culturalist rationale for class models, a rationale that rested on the claim that classes are not merely constellations of structural conditions (e.g., endowments, outcomes) but are also socially closed groupings in which distinctive cultures emerge and come to influence attitudes, behaviors, or even preferences of class members.[3] To be sure, many sociologists continued throughout this period to work with more narrowly structuralist definitions of class (especially, Wright 1997; Goldthorpe and Erikson 1992), but Bourdieu (1984) and Wilson (1987) were instrumental in legitimating the idea that class-specific cultures are a defining feature of class systems.

What types of closure generate such class-specific cultures? Although workplace segregation (e.g., occupational associations) and residential segregation (e.g., urban ghettos) are the two main forms of closure, the underclass is of course mainly generated by residential segregation (not workplace segregation). As both Wilson (Chapter 5) and Massey (Chapter 6) emphasize, members of the underclass live in urban ghettos that are spatially isolated from mainstream culture, thus allowing a distinctively oppositional culture to emerge and reproduce itself. The effects of residential segregation operate, by contrast, in more attenuated form for other social classes; after all, residential communities map only imperfectly onto class categories (i.e., the demise of the "company town"), and social interaction within contemporary residential communities is in any event quite superficial and cannot be counted on to generate much in the way of meaningful culture.

If distinctive cultures emerge outside the underclass, they do so principally through the tendency for members of the same occupation to interact disproportionately with one another in the workplace and in leisure activities. In accounting, for example, for the humanist, antimaterialist, and otherwise left-leaning culture and lifestyle of sociologists, class analysts would stress the forces of social closure within the workplace, especially the liberalizing effects of (1) lengthy professional training and socialization into the "sociological worldview," and (2) subsequent interaction in the workplace with predominantly liberal colleagues (see Grusky and Sørensen 1998).

When classes are allowed to have cultures in this fashion, one naturally wishes to better understand the content of those cultures and, in particular, the relationship between such content and the structural conditions (i.e., endowments, outcomes, institutional setting) that a class situation implies. The sociological literature encompasses three positions on this relationship, as described in the following sections.

Culturally prescribed means: At one extreme, class cultures may be understood as nothing more than "rules of thumb" that encode optimizing behavioral responses to prevailing institutional conditions, rules that allow class members to forego optimizing calculations themselves and rely instead on cultural prescriptions that provide reliable and economical shortcuts to the right decision. For example, Goldthorpe (2000) argues that working class culture is disparaging of educational investments not because of some maladaptive oppositional culture, but because such investments expose the working class (more so than other classes) to a real risk of downward mobility. In most cases, working class children lack insurance in the form of substantial family income or wealth, meaning that they cannot easily recover from an educational investment gone awry (e.g., dropping out); and those who nonetheless undertake such an investment therefore face the real possibility of substantial downward mobility. The emergence, then, of a working class culture that regards educational investments as frivolous may be understood as encoding that conclusion and thus allowing working class children to undertake optimizing behaviors without explicitly engaging in decision tree calculations. The behaviors that a "rule of thumb" culture encourages are, then, deeply adaptive because they take into account the endowments and institutional realities that class situations encompass.

Culturally prescribed ends: The foregoing example may be understood as one in which a class-specific culture instructs recipients about appropriate (i.e., optimizing) means for achieving ends that are widely pursued by *all* classes. Indeed, the prior rule-of-thumb account assumes that members of the working-class share the conventional interest in maximizing labor market outcomes, with their class-specific culture merely instructing them about the approach that is best pursued in achieving that conventional objective. At the other extreme, one finds class-analytic formulations that represent class cultures as more overarching worldviews, ones that instruct not merely about the proper means to achieve ends but additionally about the proper valuation of the ends themselves. For example, some class cultures (e.g., aristocratic ones) place an especially high valuation on leisure, with market work disparaged as "common" or "polluting." This orientation presumably translates into a high reservation wage within the aristocratic class. Similarly, "oppositional cultures" within the underclass may be understood as worldviews that place an especially high valuation on preserving respect and dignity for class members, with of course the further prescription that these ends are best achieved by (1) withdrawing from and opposing conventional mainstream pursuits, (2) representing conventional mobility mechanisms (e.g., higher education) as tailor-made for the middle class and, by contrast, unworkable for the underclass, and (3) pursuing dignity and respect through other means, most notably total withdrawal from and disparagement of mainstream pursuits. This is a culture, then, that advocates that respect and dignity deserve an especially prominent place in the utility function and that further specifies how those ends might be achieved.

The preceding account may well make too much of the distinction between means and ends. After all, an oppositional culture may evolve merely because the underclass cannot easily achieve other, more widely diffused ends (e.g., securing high-status jobs), meaning that this class maximizes its utility by reorienting members toward the alternative objectives of respect and dignity. The latter ends are more readily achievable given the institutional constraints that the underclass faces and the constellation of endowments that they control. By this reformulation, underclass culture is again merely prescribing particular means (i.e., the pursuit of respect and dignity) that will best realize a widely diffused end, that of maximizing total utility (see Weber 1947:115–117, for a relevant discussion). Although some insights into the sources of an oppositional culture may be secured through this reformulation, most sociologists would nonetheless regard it as largely semantic and maintain that much is gained by understanding how certain middle-range "ends," such as the pursuit of respect and dignity, may be more important for some classes than others (thus leaving aside the largely metaphysical question of whether any particular constellation of ends maximizes total utility).

Maladaptive culture: The foregoing examples involve "adaptations" of two kinds: (1) the class culture that emerges may be understood as an adaptation to the institutional constraints within which class members operate, an adaptation that may take the form of prescribing means that are well suited to widely shared ends (e.g., labor market success) or prescribing ends that are readily achievable (e.g., respect, dignity), and (2) the class members are presumed to internalize or otherwise adapt themselves to a class culture that provides instructions, in either of these two ways, about how best to maximize their overall utility. These forms of adaptation assume, then, that class cultures serve class incumbents well. Are there class cultures that, by contrast, are quite fundamentally maladaptive, that do not serve the ends of class members? In the contribution by Wilson (Chapter 5), it is hinted that perhaps there are such cultures, with the main mechanism of such maladaptation being the propagation, through structural forces, of personality types that are counterproductive or dysfunctional. As Wilson argues, some members of the underclass may well doubt that they can succeed in the labor market, either because they suspect that they lack the ability to succeed, or because they believe that the labor market is punitive, unresponsive, or discriminatory and will not fairly reward their ability. This personality type is maladaptive insofar as it prevents individuals from undertaking behaviors that in the end would meet with more success than they anticipate. In effect, the underclass culture is a maladaptive lens that filters information in misleading and unduly cynical ways, engendering an excessive and unwarranted sense of futility and despondency, however understandable such a response may be.

As always, one could salvage an efficiency account by noting that, once one conditions on the presence of a "low-efficacy" personality, it is indeed psychically optimizing to yield to the sense of futility and forego conventional labor market pursuits. In other words, persons with low self-efficacy would suffer much psychic distress by ignoring their feelings and forcing themselves into the formal labor market, a psychic distress that is perhaps best avoided. The larger question of interest, however, is whether class members would be better served by instead liberating themselves from this "low-efficacy" personality type, thereby eliminating misperceptions of the likelihood of success (in the labor market) and freeing themselves from the poor decisions that distress-avoidance engenders. Although Wilson would presumably argue that the underclass would indeed be well-served by such a

liberation (at least in the long run), the larger point that he of course stresses is that, absent fundamental structural change (e.g., elimination of discrimination, reversal of the job-destroying effects of deindustrialization), it is unlikely that the maladaptive personality types can indeed be excised. In this regard, the "low-efficacy" personality type is yet another adaptation (to the institutional context), albeit in this case an adaptation that in the end is a dysfunctional one.

By way of conclusion, it should therefore be stressed that "second-phase" sociologists began to engage quite seriously with the idea of adaptive preferences, although in the context of their own idiosyncratic language that features (or reifies?) classes as the sources of such preferences. We have likewise argued that "first-stage" sociologists have engaged quite directly with such economic concepts as multidimensionality, capabilities, and social isolation. These engagements all occur through the distinctively sociological device of representing inequality and poverty in class-based terms. Although there is, then, an emerging overlap between the conceptual concerns of sociologists and those of economists, these shared concerns have clearly been addressed in ways that are quite idiosyncratic and discipline specific.[4] The question that then emerges, and one to which we turn in the conclusion, is whether anything useful might be achieved by bringing together the two disciplinary approaches more explicitly than has heretofore been the case.

The Third Phase: Revisiting the Foundations of Class Analysis

It should by now be clear that sociologists operating within the class-analytic tradition have adopted very strong assumptions about how inequality and poverty are structured. As we have noted, intrinsic to the class concept are such claims as (1) the space of outcomes and capabilities has a (low) dimensionality equaling the number of social classes, (2) the class locations of individuals become master statuses that dominate (or at least supplement) the effects of individual-level endowments, and (3) such class locations are socially closed and come to be associated with adaptive or maladaptive cultures. The foregoing claims have been unstated articles of faith among class analysts in particular and sociologists more generally. In this sense, we have suggested that class analysts have behaved rather like stereotypical economists, the latter frequently being criticized (and parodied) for their willingness to assume most anything provided that it leads to an elegant model.

The third phase of conceptual work within sociology has been marked, however, by an increased willingness to challenge the class-analytic status quo. In recent years, criticisms of the class-analytic enterprise have escalated, with many scholars now feeling sufficiently emboldened to argue that the concept of class should be abandoned altogether (see Clark and Lipset 2001; Kingston 2000; Pakulski and Waters 1996; Lee and Turner 1996). Although this retreat from class analysis was anticipated in the late 1950s by Nisbet (1959) and again in the 1980s by Gorz (1982) and other recanting Marxians (e.g., Offe 1985), the present round of anticlass rhetoric is unprecedented in its popularity, especially in Europe where class analysis has historically enjoyed a privileged position. As Wilson outlines in his contribution (Chapter 5), the underclass concept has come under especially strong criticism, much of it challenging the claim that a maladaptive culture has emerged at the bottom of the class structure.

How has the discipline reacted to such criticism? The most common response has been to simply reaffirm the importance of class models and to carry on with class analysis in the usual way. There is, after all, good reason to be skeptical of criticism that has to date rested on largely unsubstantiated claims. For the most part, the critics of class analysis have simply asserted that class models are built on problematic assumptions, but such assertions are no more or less convincing than the equally unsubstantiated presumption in favor of class models. This impasse has, however, been broken by a small band of scholars who have taken the criticisms seriously and sought to assess the empirical foundations of class models. The following research questions, most quite new to the field, may be understood as critical tests of this kind:

Does the space of endowments and outcomes indeed have low dimensionality? The most fundamental assumption of class analysis is that multidimensional characterizations of inequality and poverty are more tractable than most development economists would probably suppose. Although the multidimensional space of endowments and outcomes could in theory be quite complicated, class analysts have presumed that in practice a small number of social classes are institutionalized in the labor market, each comprising a characteristic combination of endowments and outcomes. In its simplest form, this assumption may be tested by examining whether endowments (e.g., education) and outcomes (e.g., income) tend to be combined in a small number of characteristic ways, with each such combination mapping onto a postulated social class (see Grusky and Weeden 2001:234–235). This type of analysis, crucial though it is in defending class models, has only recently been taken on (e.g., Evans and Mills 1998; Birkelund, Goodman, and Rose 1996).

Is class a master status? The viability of class models also rests on the claim that class membership affects behavior, attitudes, and outcomes independently of individual-level attributes (e.g., human capital). As Wilson (Chapter 5) discusses, there is a burgeoning research literature on "neighborhood effects," with the main objective of this literature being to establish that members of the underclass (i.e., residents of poverty-stricken neighborhoods) are disadvantaged by virtue of true class (i.e., neighborhood) effects that arise from such mechanisms as a maladaptive class culture, a limited number of positive role models, and otherwise restricted social networks. To date, tests of this sort have equated class effects with neighborhood effects, but of course the same analytic approach could be used to assess whether contextual effects also emerge for classes defined in other ways (e.g., occupationally).

Are there class cultures? The foregoing analyses may be understood as an indirect test of the maladaptive effects of class culture. That is, insofar as members of the underclass are exposed to a maladaptive culture, a negative contextual effect of class membership should appear (net of individual-level controls). The latter test, which proceeds by inferring a culture from its presumed effects, might be usefully supplemented with a more direct measurement of the culture itself. Although there is a long tradition of simple descriptive research documenting differences in attitudes and values across presumed class categories (e.g., Kohn 1969), the case for class cultures would be strengthened by identifying the mechanisms (e.g., social closure) through which such class differences obtain. There has been renewed interest in identifying these mechanisms and the associated conditions under which class cultures can be expected to emerge (e.g., Weeden and Grusky 2004).

Are such class cultures maladaptive? It is yet another matter to show that such class cultures, insofar as they can be teased out, are in some cases maladaptive. If class cultures are, as Goldthorpe (2000) contends, merely rules of thumb that encode optimizing responses to the institutional environment that class members face, then such cultures can scarcely be understood as maladaptive. Clearly, it is child's play to redefine any particular culture as adaptive (by arguing, for example, that it simply reveals the idiosyncratic preferences of class members), but at minimum it is still useful to clarify the conceptual gymnastics that are (or are not) needed to make sense of a class culture and to interpret it as adaptive. Moreover, some leverage on the adaptiveness of class cultures can be gained empirically (see Goldthorpe 2000), even if a definitive critical test is logically impossible. As yet, such issues have not been directly addressed in the literature, although an increasing number of scholars have suggested that class scholars would do well to confront them (e.g., Goldthorpe 2000; Grusky and Weeden 2001).

This third phase of analysis involves, then, a reexamination of one of the core conceptual commitments of the field. In carrying out this reexamination, much would be gained if sociologists engaged more directly with the relevant literatures in behavioral and development economics, as doing so would at least clarify the problems (e.g., multidimensionality, adaptive preferences) to which class-based measurement is a possible answer. The longstanding commitment to class models within sociology may be understood as a path-dependent artifact of the extraordinary role that Marx and Weber have played in the discipline. Indeed, because Marx and Weber became such celebrated figures in the history of sociology, the tendency was to default to Marxian and Weberian class formulations without a sufficiently careful demonstration of their analytic virtues. The current reevaluation of this commitment provides an opportunity to demonstrate either that class analysis does solve fundamental measurement problems or that it fails to do so and should therefore be modified or even discarded.

CONCLUSIONS

The question that naturally arises at this point is whether we should follow convention by chastising all involved for their narrowly disciplinary orientation and by issuing the usual call for more collaborative interdisciplinary research. When academics (endlessly!) discuss the possibility of engaging in interdisciplinary research, the usual mantra is that of course more would be better, almost as if such research could be produced at no cost. Unfortunately, the world of academic research is more likely zero sum in character, meaning that a greater investment in interdisciplinary research could only be generated through a diminished investment in narrowly disciplinary pursuits. It is worth asking, then, whether we come out ahead by trading off conventional disciplinary work for additional investments in interdisciplinary research.

This question is usefully approached by distinguishing between two possible levels of investment in interdisciplinary work, a minimalist one involving increased interdisciplinary reading and other limited forms of exchange and engagement, and a maximalist one involving a more substantial experiment

in truly collaborative research. Are either of these investments warranted? The cost-benefit calculus for a minimalist investment seems straightforward, as it is hard to imagine that a small amount of additional interdisciplinary reading would fail to pay off, even assuming that a comparable amount of within-discipline reading would be foregone. As best we can tell, scholars read narrowly in their own discipline not out of some full-information calculation that discipline-specific reading is optimizing but rather because information about relevant readings in other disciplines is limited, thus leading to the incorrect inference that the high costs of searching for relevant interdisciplinary work would not likely be compensated by high returns. We hope that the present volume serves in some small way to reduce the search costs that cross-disciplinary forays typically entail and, moreover, to inform about the substantial returns to search. The latter returns are, we suspect, especially substantial because economists and sociologists have developed shared interests in a variety of issues (e.g., multidimensionalism, capabilities, adaptive preferences) without evincing any corresponding convergence in methodological approaches. As a result, interdisciplinary readers can rest assured that they will encounter research that is both relevant (i.e., motivated by similar concerns) and different (i.e., methodologically and conceptually distinctive), a combination that is presumably tailor-made for creative and successful poaching.

Should true interdisciplinary collaboration (i.e., a "maximalist investment") likewise be encouraged? Here too, one has to be optimistic about the returns to interdisciplinary investment, if only because the convergence of interests around such issues as multidimensionality, social exclusion, and adaptive preferences provides an obvious foundation for collaboration. In the more typical case of "forced" interdisciplinary collaboration, the participants must first develop consensus around a shared project, a daunting task given that research questions tend to be so discipline specific. The present convergence of interests means that all such preliminary discussion could be safely skirted and that collaborators could move straightforwardly to the task of solving shared problems. This is, then, a propitious moment in the history of the two disciplines in which more deeply collaborative work seems likely to pay off.

Although we are accordingly forced into the standard platitude about the virtues of interdisciplinary research, we can at least make that platitude more concrete than usual by identifying some research questions that seem especially likely to profit from collaborative efforts. In the preceding sections of this essay, we have discussed several research problems that have, to date, been pursued independently by sociologists and economists but that stem from very similar underlying interests and might therefore be usefully pursued in collaboration. We are referring, for example, to the development of new measures of inequality that factor out the biasing effects of discrepant preferences, that correct for the perversely equality-enhancing effects of poverty-induced death, and that otherwise reflect the multidimensionality of inequality. The foregoing research efforts, while important, clearly do not exhaust the potential for interdisciplinary collaboration within the field of inequality and poverty. We therefore conclude this introductory essay with a sampling of three additional projects that are likewise good candidates for more sustained collaborative research.

International shifts in the division of labor (i.e., "deindustrialization," "globalization"): The processes of globalization and deindustrialization, arguably the most fundamental forces for change in inequality, have been studied in rather different ways by economists and sociologists. For the most part, economists have examined the effects of these processes on income and in-come inequality (e.g., Danziger and Gottschalk 1995), whereas sociologists have examined their effects on nonincome aspects of inequality, such as the rise of a socially excluded underclass (e.g., Wilson, Chapter 5). This difference reflects, of course, a long-standing disciplinary division of labor in which economists have privileged the income distribution and sociologists have privileged other aspects of inequality (e.g., stigma, social exclusion, class formation). If scholars are truly serious about weighing in on social policy, it is surely high time to bring together these approaches and evaluate the short- and long-term effects of deindustrialization and globalization in some comprehensive way, perhaps ultimately in terms of a unitary index that reconciles the various dimensions of inequality that are affected. A daunting task to be sure, but without attempting to move in this direction we are left with policy recommendations that, by virtue of their narrow assumptions about the objective function (e.g., national income), are often quite unsatisfying (see Bourguignon, Chapter 4).

Maladaptive cultures, irrational behavior, and behavioral economics: There are striking, albeit largely unexamined, parallels between (1) the premise elaborated by some behavioral economists (e.g., Rabin 1998) that cognitive functioning in humans can generate irrational or self-destructive behavior, and (2) the premise elaborated by some sociologists (e.g., Wilson, Chapter 5) that class-based subcultures can develop that encourage or reward maladaptive personalities and practices. In both formulations, simple rational action formulations are questioned, although the sources of the presumed irrationality or nonrationality differ. For economists, the presumption is that humans are not cognitively hard-wired to reason and decide in ways that rational action models require, thus undermining the micro-level foundations of such models. By contrast, sociologists have been fascinated with the social sources of maladaptation, most notably the tendency for underclass subcultures to provide incentives for maladaptive or destructive behavior. There may well be returns to developing a more comprehensive account of nonrational behavior and maladaptation that unifies these sociological and economic approaches.

Capabilities and inequality measurement: There is also good reason for sociologists and economists to collaborate in the development of a capabilities-based measure of inequality. It may be recalled that a capabilities approach shifts attention from inequality of outcomes (e.g., income) to inequality in the endowments (e.g., education) that may be converted into outcomes. Because outcomes reflect individual preferences (e.g., tastes for leisure) as well as endowments, the proper focus of policy, it is argued, should be the equalization of endowments themselves, not the equalization of outcomes. This approach implies that inequality is best measured by calculating for each individual the total "social value" of their endowments. In estimating this total value, one reasonable approach would be to regress income (and other outcomes of interest) on endowments, as the resulting estimated income for each individual constitutes the expected value of their endowments. The latter models are, of course, identical to those that sociologists studying processes of intergenerational transmission have long estimated (see Bourguignon, Chapter 4), thus suggesting that sociologists have a potentially important role to play in developing a capabilities-based measure of inequality.

We are struck, then, by the confluence of interests in such topics as the multidimensionality of inequality, the nonrational and self-destructive aspects of social behavior, and a "capabilities" approach to inequality measurement. Indeed, the conceptual challenges emerging within the field of poverty and inequality have an increasingly interdisciplinary feel to them, thus allowing us to reissue the usual platitude about the virtues of interdisciplinary research with less embarrassment than might otherwise be the case. Although this confluence of interests has, for the most part, escaped the notice of scholars from either discipline, the chapters that follow cast it in especially sharp and useful relief.