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## Poverty in Ireland: The Role of 'Underclass' Processes

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## Summary

Rising levels of urban deprivation and a perception that poverty has become more concentrated in such areas and has taken on a qualitatively different character have provoked a variety of popular and academic responses. The potentially most fruitful set of hypotheses focus on the unintended consequences of social change. A combination of weak labour force attachment and social isolation are perceived to lead to behaviour and orientations that contribute to a vicious circle of deprivation. In examining the value of this conceptual framework in the Irish case we proceed by measuring directly the social psychological factors which are hypothesised to mediate the 'underclass' process.

A significantly higher level of poverty is found in urban public sector tenant households. This finding cannot be accounted for entirely by socio-demographic differences. It is the assessment of this net or residual effect that is crucial to an evaluation of vicious circle explanations. Controlling for the critical social-psychological factors we found that net effect was reduced by less than a quarter and concluded that the remaining effect is more plausibly attributed to the role of selection than to underclass processes. Analysis of the changing relationship between urban public sector tenancy and poverty provides support for this interpretation.

For the main part the distinctiveness of social housing tenants is a consequence of the disadvantages they suffer in relation to employment opportunities and living standards. Ultimately it is these problems that policy interventions, whatever the level at which they take place, must address.

Key words: 'underclass', 'social exclusion', 'poverty', 'social housing', 'fatalism'

# Poverty in Ireland: The Role of 'Underclass' Processes

## 1. Introduction

In earlier work, based on a national survey of households conducted in 1987, we analysed the applicability of Wilson's (1987,1991, 1996) version of 'underclass' theory to the situation pertaining in the Republic of Ireland in the late 1980s (Nolan and Whelan, 1996, Whelan, 1996). This analysis took place against a long-term background of poor performance in the Irish economy, with slow rises in living standards, low demand for labour, high levels of unemployment and economic inactivity, and periodic bouts of high emigration. (Breen *et al*, 1990, Goldthorpe and Whelan, 1992). Poverty levels in Ireland reached high levels in Ireland in the late 1980s. Unemployment was the most important cause of poverty and rates were especially high among families with children (Nolan & Callan, 1994). However, despite the existence of large-scale unemployment, and a steady increase in the proportion experiencing long-term unemployment, we concluded that the evidence relating to the social and psychological consequences of labour market detachment did not provide support for an 'underclass' interpretation. Instead we argued that that what was crucial in the Irish case was a process of working class marginalization arising from the rapid and uneven of class transformation in Ireland and changing patterns of emigration.

Despite a significant improvement in economic performance the numbers in poverty showed little decline up to the mid-1990s (Callan *et al* 1996).<sup>1</sup> Furthermore, our earlier conclusion, is challenged by evidence that the socio-demographic profile of public sector tenants changed dramatically during the late 1980s and the first half of the 1990s with an associated sharp increase in exposure to poverty for the sub-set of households located in urban centres. Whether or not the evidence does suggest a need to revise our views about the Irish situation, it remains true that policy debate in Ireland has been increasingly influenced by concepts such as 'social exclusion' and 'underclass'. While the contexts and manifestations of social exclusion vary across

counties the common element, Kronauer (1998: 60-61) argues, is that the employment crisis has rendered ineffective central elements of national modes of integration. Against a background of long-term unemployment and the emergence of highly visible pockets of concentrated deprivation, it is not surprising that references to an 'underclass' have come to be increasingly frequent in discussions of unemployment and poverty. Thus, Kleinman (1998:7-8) observes that the imagery of an "urban underclass" who are "shut out" or "cut off" from society" has become much represented in the media and political debate in Britain. There is a temptation to follow Kleinman (1998:9) in considering the term "underclass" as "not even wrong" since it is both inaccurate and useless. However, the role which cultural processes play in mediating the consequences, particularly unintended consequences, of social and economic change is a legitimate question that should not be suppressed because of fears of ideological distortion.

In Ireland although the welfare state developed later than in other countries, its history of emigration ensured that large scale and long-term unemployment did not emerge until the 1980s. Confronted by such difficulties, explanations of the inherent persistence of long-term unemployment have increasingly made reference to processes of de-skilling and de-motivation. Concern was expressed that the long-term unemployed may come to be regarded by employers as 'unemployable' and, in a sense, cease to be part of the labour market. (NESF, 1994).<sup>2</sup>The social welfare system was viewed as being unable to cater for unemployment or labour market withdrawal on the scale that emerged by the 1980s.

A central issue is the extent to which a dividing line is emerging in which the scale and quality of marginalisation cannot be adequately captured by conventional class and status divisions. Proponents of this view tend to associate it with a need to move beyond a concern with income differences to a focus on relational and cultural aspects

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<sup>1</sup> Since the mid-1990s Ireland has experienced an unprecedented boom. This macro-economic transformation has been so recent and rapid that that its impact on poverty and social exclusion has only begun to be documented. (Callan *et al*, 1999, Layte, Nolan and Whelan, 1999)

<sup>2</sup> For a general discussion of labour market policy up to the mid-1990s see O'Connell (1999).

of exclusion. Social exclusion refers to a coincidence of marginal economic position and social isolation.<sup>3</sup>

One crucial element we have neglected up to this point is the role of location. In fact a great deal of the debate relating to emerging patterns of cumulative disadvantage, and in particular the ‘underclass’ controversies, has been motivated by the rise in urban poverty and the emergence of concentrations of the poor/excluded who are isolated from the mainstream. In our earlier work we have shown that that poverty in Ireland is not highly concentrated in geographical terms (Nolan, Whelan and Williams, 1998). However, absence of concentration is not inconsistent with the emergence of pockets of unemployment and deprivation and associated social and cultural divisions that display a distinctive quality. The most fruitful development of the ‘underclass’ concept has been by Wilson (1987,1991,1996).<sup>4</sup> Crucial to his analysis is a focus on unintended social consequences of the uneven impact of economic change. His central propositions are as follows (Peterson, 1991:16).

- Economic change leads to a demand for different forms of labour and is associated with significant institutional change in labour market arrangements.
- These changes have a disproportionate effect on particular groups.
- The major change involves weakening of attachment to the labour market among such groups with a dramatic decline in the proportion in stable, reasonably well paid jobs.
- These effects are aggravated by outward migration.
- The effects of economic change are compounded by social exclusion. Marginalisation has different consequences in terms of persistent poverty depending on location. Economic disadvantage is reinforced by social context, which contributes to detachment from mainstream values.
- Joblessness, especially prolonged joblessness, is likely to produce feelings of low perceived self-efficacy. People come to seriously doubt that they can accomplish what is expected of them, due to their damaged self-image or their perception of

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<sup>3</sup> As we have noted earlier (Nolan and Whelan, 1996:193-94) social exclusion has been defined alternatively in a manner that is broader than poverty and in a sense that is a good deal narrower. Here we are focusing on the latter conception and share with Hills (1999:5) his emphasis on dynamics and with Room (1999: 171) the notion of ‘catastrophic discontinuity’.

environmental constraints. It is hypothesised, further, that such feelings are reinforced by the feelings and values of others operating in the same social context, producing what Bandura (1982) termed 'lower collective efficacy'.

What is crucial is a combination of weak labour force attachment and social isolation. As Kronauer (1998: 64-5) observes, at the same time as Wilson focuses on particular behavioural patterns and associations, he distances himself from 'culture of poverty' type explanations. Under his model unemployment and poverty first lead to behaviour and orientations and it is only subsequently that the latter take on an independent causal role.

We do not have available to us the kind of data that would allow us to perform a multi-level analysis which includes, for example, spatial context and household. However, such an approach is not without its own difficulties (Friedrichs, 1998, Hughes, 1989). Our approach will start from our understanding of the processes that are hypothesised to underlie the emergence of an urban 'underclass'. We will address the issue of how we might expect the emergence of such a phenomenon to be expressed in household surveys that contain information not only on location, tenure and socio-demographic characteristics but also on social psychological attributes and perceptions of neighbourhood.

## **2. Data Sources**

The household data sets employed in this study are the 1987 Survey of Income Distribution, Poverty and Usage of State Services and the 1994 Living in Ireland Survey which incorporates the Irish component of the European Community Household Panel Survey each carried out by the Economic and Social Research Institute. Both were designed to provide a national representative sample of the population resident in private households. Full descriptions are provided in Callan *et al* (1989 and 1996). Throughout the paper we focus on the characteristics of households and 'heads of households'.<sup>5</sup>

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<sup>4</sup> For a critique of certain earlier approaches see Nolan and Whelan (1996: 152-154).

<sup>5</sup> The head of household is defined as the owner or tenant of the dwelling where joint ownership or tenancy exists we designate the eldest male as head of household. This procedure is consistent with the

### **3. Poverty and Urban Rented Public Sector Housing**

From our earlier work it was clear that households living in rented public sector housing provided the most plausible starting point in the search for contextual effects (Whelan, 1996, Nolan and Whelan, 1996). Recent developments have provided further support for this conclusion.<sup>6</sup> Local authorities have provided housing in Ireland since they came into existence a hundred years ago. Over that time they have built some 330,000 dwellings, which amounts to over 30 per cent of the present housing stock. Some 230,000 of these dwellings have been sold to tenants. Recent years have seen a shift away from public provision as a result of these purchase arrangements and a sharp cut back in construction. As a consequence the absolute size of the social housing sector has remained static at 100,000 units and its relative size has declined to less than 9 per cent of the total housing stock, compared to almost 20 per cent in the 1960s. This trend has been associated with a declining reputation as the perception emerged that urban local authority led to concentrations of poverty and associated problems leading to a decline in the quality of neighbourhood life. Such developments are not unique to Ireland. Harloe (1995) identifies ‘residualisation’, in the sense of a narrowing down of the clientele of social housing to the poor, as the dominant development in social housing in Europe and the United States since the 1970s. By the mid-1990s the small size and, as we shall see, disadvantaged profile of the urban public sector tenant population meant that public sector housing in Ireland was highly residualised by European standards and would appear to provide an appropriate context for the emergence of ‘underclass processes.

The dependent variable on which we focus is household poverty which, following our earlier work, we define as falling below sixty per cent of mean equivalent household income *and* experiencing enforced absence of at least one of a set of basic life-style items. (Callan *et al*, 1993). As is clear from Table 1, the combination of location and tenure has a substantial effect on risk of poverty. The poverty rate is substantially higher for public sector tenants overall, however it rises from 41.1 per cent for rural tenants to 62.1 for their urban counterparts.

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pattern and level of female participation in the labour force in Ireland. Our analysis also takes into account the labour market situations of partners

<sup>6</sup> Our discussion of social housing in Ireland draws on Fahey (1999).



What we wish to test is the extent to which this can be taken to reflect a causal impact of social milieu constituted by urban public sector rented housing. For this to be the case a number of conditions must be fulfilled:

*Table 1: Poverty by Tenure by Location*

	% Poor	
	Rural	Urban
Public Sector Tenants	41.1	62.1
Other	11.6	7.5

- There must be evidence that factors which we know to relate to poverty have a stronger impact when combined with location in urban rented public sector housing thus ensuring that the consequence of such disadvantage in terms of poverty risk is more severe for such households,
- Or it must have an independent effect on poverty.
- Finally, if the ‘underclass’ thesis is to be supported, the evidence must conform to a pattern which encourages us to interpret such effects as arising from genuinely contextual effects, rather than from selective movement into and out of such housing. In other words we must seek to establish that the observed effect are mediated by the consequences of social isolation such as reduction in perceived self efficacy or detachment from mainstream values.

Implicit in the set of conditions we have outlined is the expectation that urban public sector rental household will be found to have higher poverty rates largely because they differ from other household in terms of characteristics such unemployment, labour market experience, education, social class and household structure. In Table 2 we compare households by location and tenure and across a range of factors that our earlier analysis has shown to be related to poverty rates (Callan *et al* 1996, Nolan and Whelan, 1996). It is immediately apparent that the profiles of urban and rural public sector households are remarkably similar. For households outside the rented public

*Table 2: Socio-Economic Disadvantage of Households by Location for Public Sector Rented Households*

	<i>Rural</i>	<i>Urban</i>
% Unskilled Manual	22.0	34.2
% No Educational Qualifications	77.2	75.9
% Early Retirement	4.7	3.1
% Never Married with Children	11.3	10.4
% Separated with Children	4.5	8.2
% In Full-time Home Duties	27.5	30.8
% With Partner	52.3	45.6
% With Partner in paid work	9.8	12.5
Labour Market Disadvantage (where the HOH is in the labour market)		
(i) Unemployed	69.2	65.8
(ii) Unemployed 12 Months or More	55.9	55.1
(iii) Unemployed 20% or more of Labour market Time	46.4	44.4

sector where the head of household is active in the labour market unemployment is higher for rural households and such households are more likely to fall into the category of those where the head of household lacks educational qualifications. However, the urban and rural figures could be transposed without any great distortion of the pattern observed. The household characteristics of those families who inhabit public sector rented households are not significantly different from those occupying such housing in rural areas. It is public sector tenancy as such, which is associated with disadvantage. Three out of four households have a 'head' lacking any educational qualification. One in three heads of household are unemployed; with close three out of ten having been so for over a year and a similar number having been unemployed for twenty per cent of their potential time on the labour market. Only five per cent have partners who are in paid work. An additional three out of ten household heads are in full-time unpaid home duties. Finally, one in six have a household head, usually a woman, who is either separated or never married with dependent children

These findings suggest that while the difference in poverty rates between the public sector rented households as a whole and all other households may well be a consequence of the socio-demographic composition of the households, urban rural differences within the former sector cannot be accounted for in this fashion. The extent to which urban and rural public sector tenant households resemble each other indicates that exclusion from the labour market is a problem common to such

households rather than one that particularly effects the urban segment.<sup>7</sup> Despite the homogeneity in terms of socio-economic characteristics and labour market profile of these households a substantial residual impact of urban public sector rented housing on risk of poverty persists. The question remains whether this effect can plausibly be interpreted as being generated by underclass processes that by undermining coping capacity produce substantially different poverty outcomes between apparently similar groups of households.

#### **4. Poverty and the Role of 'Underclass Processes**

In attempting to provide an empirical assessment of the explanatory value of the underclass perspective, we start by developing measures that are intended to reflect the processes through which social milieu effects operate. The 'underclass' thesis would lead one to expect that residing in a rented urban public sector household could have an impact on poverty over and above that explicable by household characteristics, due to a number of distinct but related factors.

- Perceptions of environmental constraints. Of particular interest here is the manner in which perception of lack overall of employment opportunities in the area may affect coping capacity.
- Feelings of low self-efficacy may be exacerbated as a consequence of perceptions of the prevailing norms in ones immediate environment. People may come to seriously doubt that they can accomplish what is expected of them, or even where this is not true, they may give up trying because they consider that their efforts will be futile given the environmental limits within they operate. Such feelings of fatalism may come to be reinforced by perceptions of the feelings and the values of others operating in the same social context.
- Increased detachment from dominant values arising from the erosion of neighbourhood resources and the scarcity of appropriate role models.

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<sup>7</sup> Multivariate analysis controlling for a range of relevant factors shows no significant interaction between location and tenure for unemployment of the 'head of household', long-term unemployment or proportion of time unemployed.

For the first dimension we make use of the assessment of respondents as to whether they lived in an area or neighbourhood in which the absence of paid work was a very general problem. Respondents were asked to assess what proportion of people ‘who would want to have a paid job’ were actually in such work. The set of response categories ranged from ‘almost all are at work’ to ‘almost none are at work’. It should be clear that it is not necessary for our present purposes that respondents’ perceptions should conform perfectly to reality. It is precisely the *perceived* constraint that is of interest to us.

The second aspect was tapped by drawing on a set of items that have been fairly widely used in the literature on fatalism (Pearlin *et al*, 1981):

1. I can just about anything I set my mind to.
2. I have little control over the things that happen to me.
3. What happens to me in the future depends on me.
4. I often feel helpless in dealing with the problems of life.
5. Sometimes I feel I am being pushed around in life.
6. There is a lot I can do to change my life if I want to.
7. There is really no way I can solve some of the problems I have.

Respondents were asked to react to each of the items on a four-point scale running from ‘strongly agree’ to ‘strongly disagree’. Scoring on the items was carried out so as to take into account the direction of the items. The final scale has a potential range of scores running from 4, indicating the highest level of fatalism, to 1 indicating the lowest level.<sup>8</sup>

For the third dimension we draw on a set of questions relating to neighbourhood problems. For each household the respondent was asked to assess how common the following were in his or her neighbourhood:

- graffiti on walls on buildings;
- teenagers hanging around on the streets;

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<sup>8</sup> The scale has a very satisfactory level of reliability with Cronbach’s alpha reaching a value of 0.76

- rubbish and litter lying around;
- homes and gardens in bad conditions;
- vandalism and deliberate damage to property;
- people being drunk in public.<sup>9</sup>

Responses used a four- point scale that ranged from ‘very common’ to ‘not at all common’. An additional item dealt with how crime in the area compared to the rest of Ireland. This was assessed on a five-point scale ranging from ‘a lot more’ to ‘a lot less’. The responses to these seven items were combined into an overall index of *perception of neighbourhood problems*. Again it is not necessary that such perceptions directly reflect objective reality. We expect that the extent of neighbourhood interaction and the degree of visibility of neighbourhood problems will influence them. Perceptions of neighbourhood could have an impact on employment prospects because of the impact they have on value orientations. To the extent that employers share residents’ perceptions, the variable may also capture discriminatory behaviour by employers based on such perceptions.<sup>10</sup>

In Table 3 we set out the relationship between the perception of local employment opportunities and location and tenure. The table shows the percentage thinking that less than half those in their area who would want to have a paid job actually have one. The extent of variation by location and tenure is dramatic. Outside public sector tenure no more than one in six households consider that the figure is as high as one half. This rises to over one in three for public sector tenants in rural areas and climbs to seven out of ten for such households in urban centres.

*Table 3: Percentage Considering that Employment Opportunities in their Area are Available for Less than Half those that Would Avail of Them by Location and Tenure*

	<i>Rural</i>	<i>Urban Centre</i>
	<i>%</i>	<i>%</i>
Public Sector Tenant	38.9	69.7
All Other households	16.0	14.0

<sup>9</sup> The alpha coefficient for this scale is 0.90

<sup>10</sup> We should stress that in referring to social isolation our interest is not in crude number of contacts or even the extent of emotional or instrumental support. Additional analysis indicates that social isolation in this absolute sense of absence of strong ties was not an issue.

In Table 4 we look at the relationship between our measure of fatalism and location /tenure. In order to simplify the presentation we have dichotomised the individual items and reported the percentages giving fatalistic responses. The level of fatalism varies across individual items. Thus at least seven out of ten HOHs in public sector tenant felt that there was little they could do to solve their problems and that they had little control over their lives. Six out of ten felt that there was not a lot they could do to change their lives and often felt helpless in dealing with problems. However, only forty per cent rejected the notion that what happened in the future depended upon them.

*Table 4: Fatalism of Household Heads By Public sector Tenure and Urban-Rural Location: Percentage Giving Fatalistic Responses*

	<i>Other</i>		<i>Public Sector Tenants</i>	
	<i>Rural</i>	<i>Urban</i>	<i>Rural</i>	<i>Urban</i>
Can do just about anything I set my mind to	26.2	26.7	45.1	50.7
Have little control over things that happen to me	37.7	31.5	53.9	70.5
What happens in the future depends on me	20.9	21.1	31.9	38.5
Often feel helpless in dealing with problems	33.4	25.7	65.8	60.8
Sometimes feel pushed around	25.1	24.8	47.2	44.9
Lot I can do to change my life	37.6	33.9	46.2	63.5
No way I can solve some of my problems	38.3	29.7	65.7	74.1

These levels of fatalism are typically twice as high as those for non-public sector tenant households, where there is relatively little difference between urban and rural households. They are also slightly higher than those for rural public sector tenants. However, the differences are modest compare to those between public sector tenants as a whole and all others.

The impact of location and tenure on perception of neighbourhood problems is set out in Table 5. Not surprisingly such problems are perceived to be worst by urban public sector tenant households. The least difficulty is perceived in relation to problems of physical appearance of homes and gardens, with only three in ten considering that it is a common problem, but this is still almost twice that of their rural counterparts. People being drunk in public is considered to be a common problem by four out of ten urban public sector households, which is three times the comparable rural rate, over three times that for other urban households, and seven times that for rural non-public sector tenant households. All of the other problems are considered to be common by,

at a minimum, approximately one half of urban public sector tenants. The figure is close to one in two for graffiti, litter and vandalism but rises to three in four for ‘teenagers hanging around the streets’. Other urban households and rural public sector tenant households have much lower figures. About one in five perceive graffiti, vandalism and litter to be problems, and approximately four out of ten feel similarly about teenagers on the streets. Rural non-public sector households have even lower levels, with the most substantial being the 16% referring to problems with teenagers.

*Table 5: Perception of Neighbourhood Problems by Public Sector Tenure and Urban-Rural Location: Percentage Thinking Problems are Fairly or Very Common*

	<i>Public Sector Tenants</i>		<i>Other Households</i>	
	<i>Urban Centres</i>	<i>Rural</i>	<i>Urban Centres</i>	<i>Rural</i>
	<i>%</i>	<i>%</i>	<i>%</i>	<i>%</i>
Graffiti	53.5	11.8	15.2	3.5
Teenagers hanging around on the streets	76.3	44.3	37.6	16.1
Rubbish and litter lying about	51.3	23.1	24.5	10.9
Homes and gardens in bad condition	30.2	17.5	7.4	3.6
Vandalism and deliberate damage to property	56.8	15.1	19.3	5.6
People being drunk in public	39.2	14.2	11.8	5.8

Respondents were also asked, with a different set of response categories, to consider whether compared with the rest of Ireland there was more crime in their area. In Table 6 we show the percentage responding ‘a lot more’ or ‘a bit more’ by location and tenure. Location in an urban centre is clearly the most important factor, with only tiny members in rural areas considering their area to have a worse than average problem. However, once again there is significant variation by tenure within urban households. For non-public sector households one in six respondents considers their area to have a particular crime problem, but this rises to four out of ten for public sector households.

In summary, we have found that public sector tenants do perceive there to be strong contextual constraints on employment opportunities. However, although fatalism levels are highest for urban public sector household heads, differentiation by location within this sector is extremely weak. Levels of fatalism cannot thus account for whatever differences are observed by location among public sector tenants. In relation to perceived neighbourhood problems and employment opportunities, however, tenure

*Table 6: Percentage Considering that there is More Crime in their Area Than in the Rest of Ireland*

	%
Public Sector Tenure	
Urban Centres	39.1
Rural	5.7
Other Households	
Urban Centres	16.7
Rural	3.3

and location do combine to identify public sector tenant households in urban centres as displaying a distinctive profile. The overall set of results leave open the possibility that such factors may play a part in contributing to vicious circle processes. Before attempting to test this hypothesis we will first document the extent to which objective differences in circumstances are related to location and tenure.

### **5. Poverty, Location and Tenure: A Multivariate Analysis**

In Table 7 we extend our analysis in order to provide a picture of the range of factors contributing to the determination of household poverty. In equation (i) we report the impact of tenure and location before taking into account the role of any other factors. The degree of interaction between the factors is evident from the reported coefficients. The odds on public sector tenants being poor rather than non-poor are fifteen times higher than for other urban households. For rural households this figure falls to six to one.<sup>11</sup> In equation (ii) we enter a range of variables including those discussed in some detail earlier relating to education, social class and labour market experience.

When we control for other factors in the equation the odds on unskilled manual households being poor are which is almost five times higher than for the professional and managerial class. Similarly the absence of qualifications results in a net odds ratio which is over four times higher than that for the third level education group. Unemployment, the proportion of labour market time unemployed and retirement, particularly early retirement, are also highly significant. In addition to these factors there are other significant indicators which are strongly related to risk of poverty but

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<sup>11</sup> (15.19 x 1.26 x 0.32=6.12)



which unlike the previous variables are either unrelated to social class or are related in a less obvious fashion. These are factors that are highly related to gender and, to a large extent, identify female-headed households. They include the head of household being in home duties, being separated or divorced with children or never having been married and having children. Each of these has a significant effect on risk of poverty. Thus in comparison with households where the head of household is in employment the odds ratio for the group in home duties is almost eight times higher. Being separated with children raises the odds by almost two and a half to one, and never having been married but having children increases it by almost four to one.

It is important to note the terms that are not included in the model. Earlier we have shown that public sector tenants in urban centres do not differ from those elsewhere in terms of the characteristics that predict household poverty. However, one obvious possibility was that while the average values on such variables might not differ by location it still might be true that the impact of such disadvantages is greater in urban areas. For each of the variables included in Table 7, we have systematically tested for the existence of such interactions but in every case the outcome has been negative. Not only is the pattern of disadvantage among public sector tenants unaffected by urban-rural location but so too are the consequences, in terms of poverty risk, of any particular disadvantage.

Of particular interest is the consequence for location and tenure effects of introducing the set of socio-demographic variables. The odds-ratio for being a public sector tenant in an urban centre declines to 4.42:1. Thus seventy per cent of the original effect is accounted for by the variables introduced at the second stage.

The effect of public sector tenure outside urban centres is entirely explained by socio-demographic differences and the net odds ratio approaches unity.<sup>12</sup> The higher poverty rate among rural non-public sector households is unaffected by the inclusion of the additional variables. We are thus left with an additional effect of urban public

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<sup>12</sup> (4.42 x .22=0.97)

sector tenure which cannot be accounted for by the range of measured disadvantages include in our model or in the differential impact of such variables.

*Table 7: Logistic Regression of Risk of Poverty by Tenure, Location Socio-Demographic Characteristics, Perceived Neighbourhood Characteristics and Fatalism: Multiplicative Coefficients*

	<i>Odds Ratios</i>		
	(i)	(ii)	(iii)
Public sector Tenant	15.19*	4.42*	3.48*
Outside Urban Centre	1.26***	1.20	1.12*
Public sector Tenant* Outside Urban Centre	0.32*	0.22**	0.27**
Unemployed		7.34*	6.53*
III		11.50*	8.28*
In Home Duties		7.63*	6.04*
Retired aged less than 65		3.08*	2.93*
Retired aged 65 or over		1.99*	1.86**
Unemployed .01 to .19 of labour market time		1.85*	1.76*
Unemployed .20 or more of labour market time		4.07*	3.64
Partner in paid work		0.39*	0.41*
No Qualifications		4.35**	3.36***
Intermediate Certificate or equivalent		3.50***	3.27***
Leaving Certificate		2.53	2.17
Separated with children		2.50**	2.19***
Never Married with children		3.46*	4.40*
Higher White Collar and Petty-Bourgeoisie		2.52**	2.43**
Lower white Collar and Skilled Manual		3.67*	3.50*
Unskilled Manual		4.65*	4.30*
Neighbourhood Employment Prospects			
Less than half are at work			1.32*
Almost None are at work			2.58*
Neighbourhood Problems			0.87*
Fatalism			1.84*
Improvement in G <sup>2</sup> over zero slopes model	302.66	969.41	1,004.43
Degrees of Freedom	3	16	20
McFadden's "R <sup>2</sup> "	0.108	0.345	0.358

\* P < .001 \*\* P < .01 \*\*\* P < .1

We endeavour to assess the extent to which this residual effect may be due to 'underclass' type processes by entering our measures of perceived neighbourhood employment opportunities and neighbourhood problems and the level of fatalism of the household head. Once again the earlier caveats about the direction of causality of the variables must be kept in mind. On this occasion it holds as much for the variable relating to perception of neighbourhood problems as it does for fatalism. Our attention is focused on the extent of change in the location and tenure coefficients. With the introduction of these additional variables, the odds ratio for public sector tenancy in an urban centre falls 4.42 to 3.48, a reduction of just over twenty per cent. This

residual effect is again open to a variety of alternative explanations. However, it is difficult to reject the hypothesis that the most plausible explanation lies in the selection of households into public sector urban centre housing, on the basis of poverty-related disadvantages. In the section that follows we provide an analysis of change over time between 1987 and 1994 that offers some valuable insights in choosing between the competing ‘underclass’ and social selection hypotheses

## **6. A Multivariate Analysis of Trends in Poverty**

Between 1987 and 1994 the overall poverty rate rose from 14.9 per cent to 16 per cent. For all rural households, irrespective of tenure there was a modest reduction in the risk of poverty. For urban non-local authority tenant households a marginal increase was observed. The striking change was for public sector tenants in urban centres: their poverty rate increased markedly, from 48 per cent to 62 per cent. This could reflect an important and indeed increasing role for context effects.

The percentage of households renting local public sector housing fell from 14.6 per cent to 11.6 per cent between 1987 and 1994, with the decline being from 20 per cent to 15 per cent in urban areas and 12 per cent to 9 per cent in rural ones. During this period a stark deterioration occurred in the profile of households renting local authority housing, whether in urban or rural locations. The educational capital available to them diminished as the percentage of households with no qualifications increased at the same time as the overall percentage lacking such qualifications declined. Changing patterns of family formation and increasing rates of marital breakdown also had a clear impact. One consequence was a sharp fall in the proportion of households in this form of tenure who were active in the labour market. The numbers in full-time unpaid home-duties doubled between 1987 and 1994. The position of those who were active in the labour market also deteriorated significantly. By 1994 over half of the heads of households renting public sector housing and active in the labour market were long-term unemployed, whether located in urban or rural areas compared with one in three in 1987.

The changed profile of local authority tenants cannot be taken as a direct index of increased geographical concentration of socio-economic disadvantage because

households could change their tenure status without moving house. However, the decline in the number of local authority households, the dramatic change in the socio-economic profile of such households and our knowledge of the direction which housing policy during this period took all suggest that such concentration increased. The circumstances would seem particularly conducive to the emergence of an increased contextual effect that would contribute independently to the rising poverty rate. The analysis that follows seeks to establish whether the striking increase in the rate of poverty in urban public sector households can be accounted for solely by the change observed in the socio-demographic profiles of such households or whether reference to additional factors is necessary. The latter finding would leave open the possibility that increased geographical concentration of socio-economic disadvantage has played a role in producing the deteriorating poverty rate.

In Table 8 we present a multivariate analysis of changes in the determinants of poverty over time. In order to do so we present four equations. The first presents the gross impact over time before controlling for any other influences, and shows that there has been a reduction in the risk of poverty over time with the odds in 1994 being only eighty per cent of the earlier figure. In the second equation, we control for all the independent variables we have earlier found to be relevant to poverty and any significant interactions between them. However, we assume that the effect of each of these variables remains constant over time. In other words we want to see what the underlying effect of time is when we allow for distributional shifts in other relevant variables. From equation (ii) we can see that the coefficient for time hardly changes. The changing risks of poverty over time appear to cancel each other out leaving the net effect identical to the gross.

In equation (iii) we allow for the impact of location, tenure, the interaction of location and tenure and farming to vary by time. Once we do so, there is no single answer to the question regarding impact of time, because, depending on the interactions which are allowed for, it becomes necessary to specify the specific group with which one is concerned. Finally in equation (iv) we also permit third level education, retirement at age sixty-five or over, and not having a partner in paid work, to interact with time. In this final equation the story that must be told about time becomes a very complicated one. However, if we look at the extent to which each model improves the fit of

observed to expected values, we can see that the improvement brought about by allowing these effects to vary over time is rather modest. Equation (iv) shows that the advantage of having a third level education has increased, the disadvantage of having retired at age sixty five or over has increased and the disadvantage of having a partner who is not in paid work has diminished. By relying on equation (iii) we would miss out on these subtleties. However given the scale of these effects our substantive conclusions about overall effects within combinations of location and tenure will not be significantly affected. The time coefficient of 1.27 in equation (iii) relates to urban households located outside the rented public sector. Thus for this group there has been a net increase in the risk of poverty when we control for socio-demographic influences and the interaction between time, location and public sector tenure and time and farming.

When we consider the issue of net and gross change over time for different combinations of location and tenure the main conclusions are as follows:

- The substantial rise in the risk of poverty among public sector tenants in urban centres can be accounted for by the changing composition of these households in terms of a variety of factors which are strongly related to incidence of poverty.
- The residual impact of being an urban public sector household, which is additional to that accounted for by the socio-demographic characteristics of the households, remains constant over time. A significant process of residualisation has taken place in the urban rented public sector, without any evidence of an increase in the impact of context *per se* on risk of being poor.
- In rural rented public sector households a similar deterioration in socio-economic circumstances of household heads did not lead to a corresponding rise in the poverty rate but was, paradoxically, associated with a decline in the overall poverty level. This came about because the significant residual effect, which had been observed in 1987, was not present in 1994. By that time the observed poverty rate for such households was precisely what we would expect on the basis of socio-economic profile.

Table 8: The Determinants Of Poverty by Time: A Logistic Regression Analysis: Multiplicative Coefficients

	<i>Odds Ratios</i>			
	<i>(i)</i>	<i>(ii)</i> <i>Controlling for other independent variables but allowing no interaction with time</i>	<i>(iii)</i> <i>Allowing interactions between time and public sector tenure, location and farming</i>	<i>(iv)</i> <i>Adding interactions between time and third level education , retirement at 65 or over and not having a partner in paid work</i>
1994	0.80**	0.86*	1.27	1.63*
Public Sector. Tenant			3.97***	3.99***
Public Sector. Tenant by Time			1.13	1.13
Rural			1.66**	1.67*
Rural by time			0.89	0.89
Public Sector. Tenant by rural			0.71	0.70
Public Sector. Tenant by rural by Time			0.32**	0.33**
Farmer			3.13***	3.24***
Farmer by time			0.19***	0.18***
Third level				0.93
Third level by time				0.20*
Retirement at 65 or over				1.18
Retirement at 65 or over by time				2.70***
Partner not in paid work				6.34***
Partner not in paid work by time				0.55***
Df	1	25	29	32
G <sup>2</sup> improvement				
Over zero slopes				
Model	9.13	1699.49	1,748.90	1,778.25
Mc Fadden's R <sup>2</sup>	0.001	0.329	0.338	0.344

- Thus the change which requires an explanation, which goes beyond the consequence of changes in factors such as labour force status, unemployment experience, marital status and parental obligations, is not the significant increase in the poverty rate in the urban rented public sector but the decline in that rate for their rural counterparts.

## **7. Conclusions**

The Irish public housing sector is comparatively small by European standards. In part this is due to the fact that, uniquely in Europe, Ireland has a tradition of privatisation of social housing through heavily subsidised sales to tenants. As a consequence social housing in Ireland is residualised to an extreme degree by European standards. Such residualisation has been exacerbated in recent years by cut backs in new construction and a policy initiative in the mid 1980s which provided cash and other incentives for public sector householders to relinquish their properties in order to purchase a private dwelling. The public image of the sector has increasingly become associated with social problems and social disorganisation. Policy debate increasingly drew on conceptions of social exclusion which emphasised the elements of catastrophic discontinuity and the need to invest in local community resources in order to combat “local sub-cultures which may limit and undermine the capacity of people to take up opportunities and to gain control of their lives” (Room, 1999:169). Increased polarisation and its spatial manifestation provided an important component of the rationale for area-based interventions intended to address cumulative disadvantage that generates and sustains local exclusion (NESC, 1990, 1993).

Thus by the mid 1990s a consensus was emerging which saw social housing in urban areas as a prime example of the operation of vicious circle processes of a kind which could reasonably be characterised as contributing to the development of an ‘underclass’. In this paper we have sought to give the hypothesis of contextual effects greater precision. Our analysis has shown that urban public sector tenant households are distinctive in terms of their level of poverty. In rural areas the greater exposure to poverty of such households is entirely accounted for by socio-economic differences between the two types of households. In urban centres such factors can account for only seventy per cent of the differential. It is the assessment of this residual effect that is crucial for vicious circle type explanations. Controlling for our measures of neighbourhood attributes, we find that this effect is reduced by less than a quarter. It is possible to argue that the addition of further measures of neighbourhood characteristics, or better measures of the ones we have included, would account for a greater proportion of this residual effect. However, the alternative possibility, that what is being captured here is the selection of households into urban public sector

rented tenure on the basis of characteristics which are related to poverty but which are not captured adequately in our model, seems to us a good deal more plausible. The evidence relating to change over time provides support for the latter hypothesis.

Our failure to find any evidence of neighbourhood effects is consistent with a recent review of the evidence by Friedrichs (1998:90-91). In the first place he notes the dangers of generalising from US experience pointing to Wacquant's (1993) conclusion, based on a comparative study of a Chicago and a peripheral Paris neighbourhood, that there is no European counterpart to the Afro-American experience of long-term negative discrimination and restriction of opportunity. In evaluating the European evidence that is available, he cautions that it is also necessary to take into account that the predominantly descriptive and small-scale studies are highly selective since only neighbourhoods with high poverty rates are sampled. Furthermore, the available evidence suggests that there is substantial differentiation within poor neighbourhoods, with groups which manage their lives according to mainstream norms avoid contact with the more marginalised who do not (Paugam, 1991). A recent qualitative study by Fahey *et al* (1999) of seven urban local authority estates in Ireland provides supports for this argument. While all of the estates shared the residualised character of social housing in Ireland, a great deal of diversity was apparent in their social conditions and in their popularity and desirability among residents. Furthermore a great deal of diversity was also observed within estates. Problems of social order were not regarded by tenants as a symptom of the emergence of an alternative value system but as an intrusion into an otherwise cohesive environment on the part of an untypical and unwelcome few. (Fahey, 1999:242). As Friedrichs notes, where deviant norms are negatively judged by the majority of residents they can become dominant only via selective population exchange. His most general conclusion is as follows:

“The general evidence presented on neighbourhood effects indicates low or negligible effects; most context effects can be explained by either individual or institutional effects.” (Friedrichs, 1998:93).



For the main part, the distinctiveness of public sector tenants is a consequence of the disadvantages that they suffer in relation to employment opportunities and living standards. Ultimately it is these problems that policy interventions, whatever the level at which they take place, must address. Since it is easy to be misunderstood on this issue, we wish to emphasise that our position entirely accords with that expressed by Kleinman (1998:3) who concludes “I am not opposing area focused programmes: quite the reverse”. However, like him we wish to stress that local initiatives can not provide solutions to problem whose causes are national or even international.<sup>13</sup> The fact that location is not itself an independent factor clearly implies that as Townsend (1979:560) stressed many years ago area based intervention cannot be *the cardinal means of dealing with poverty*, however, it does not mean that such initiatives cannot be a part of the solution.<sup>14</sup> Irrespective of how they have arisen, pockets of disadvantage exist and area based responses can form part of an effective response to such concentration. Furthermore, even in circumstances where poverty is widely distributed across location, area based intervention could be justified on the basis of effective identification of needs and efficient delivery of services. A failure to acknowledge the limits of what can be achieved by area based initiatives is likely to be counterproductive in that it is likely to encourage entirely inappropriate forms of evaluation that fail to distinguish between outcomes within and outside the control of local agents.

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<sup>13</sup> Kleinman (1998:1-2) provides an insightful account of how the tension between emphasis on national versus local action and redistribution of income versus the creation of programmes, rather than representing a new development, can be found in full-blown form in the debate relating to the ‘War on Poverty’ in the United States in the nineteen-sixties.

<sup>14</sup> See the discussions in Glennerster *et al* 1999. and Smith (1999).

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