BACKGROUND BOOKS

MONEY

Future scholars, using computers to sort the masses of data now being gathered, may, for the first time, be able to write the full story of the factors that determine success or failure in the pursuit of material well-being in America. Such a synthesis would be an invaluable addition to existing accounts, some of which are described below, of how Americans earn and spend and change their economic status.

Most professional journals and textbooks on economics give more attention to growth, full employment, and balance of payments than to matters of distribution. Yet, the radical economists are quick to argue, inequality is what economics *should* be all about.

Distribution theory has enjoyed cycles of popularity in the past. More recently, war, depression, and John Maynard Keynes have combined to encourage a preoccupation among U.S. economists with economic growth and the creation of wealth, rather than with its distribution.

Defying this tide, A. B. Atkinson, economist at the University of Essex, has produced the first college text on the differences in income among individuals (as opposed to the division of income between Labor and Capital). In **THE ECONOMICS OF INEQUALITY** (Oxford, 1975, cloth & paper), he examines the available evidence on post-World War II distribution trends in Britain and the United States, and, while finding a decline in the share of wealth owned by the rich, he concludes that the relative poverty of the poorest third of society "is unlikely to pass rapidly away, and that it cannot be regarded as simply a problem of exceptional circumstances or minority groups."

Annual statistics published by the U.S. Census Bureau show a marked stability in the distribution of income in America since World War II. In recent years, however, these figures—the major source of data on personal income—have come under heavy criticism. Some economists have asserted that inequality has declined substantially over the past three decades but that Census Bureau figures fail to reflect the income-equalizing impact of such important factors as education and nonmonetary transfers (e.g., food stamps and health care). A report prepared by Michael K. Taussig of Rutgers and Sheldon Danziger of the University of Wisconsin, **CONFERENCE ON THE TREND IN INCOME INEQUALITY IN THE U.S.** (Institute for Research on Poverty, Madison, 1976), finds a consensus among conference participants; although the Census Bureau data may be flawed, these hidden benefits for the poor have little impact on *overall* income distribution trends.

Indicative of the sharp disagreements that arise among specialists in income distribution theory, Jacob Mincer's **SCHOOLING, EXPERIENCE, AND EARNINGS** (National Bureau of Economic Research/Columbia, 1974) concludes that variations in educational background and job experience "accounted for close to two-thirds of the inequality of earnings of adult white urban men in the U.S. in 1959." This hypothesis is in marked contrast to recent arguments in which the role of "human capital investment" (e.g., in schooling and job training) is relegated to a less prominent position.

One of the elemental premises asserted by Wesleyan University's Stanley Lebergott in **THE AMERICAN ECONOMY: Income, Wealth, and Want** (Princeton, 1975) is that a distinction must be drawn between *absolute* and *relative* poverty. The absolute poverty endemic in many developing countries has never existed in the United States—where, with an economy "that bursts with productivity, that produces so fantastic a volume and variety of goods, poverty comes to be defined as relative to what the typical American enjoys." Government policies designed to foster economic growth and more equitable income distribution may have in fact exacerbated social tensions by creating unfulfilled expectations among the poor.

Few books give an overall picture of American consumption patterns and living standards. The most comprehensive data, of course, come from the federal government: the aggregate personal consumption expenditures and savings series of the Department of Commerce, and the periodic cross-section surveys of expenditures, incomes, and savings of the Bureau of Labor Statistics and Department of Agriculture.

For an understanding of consumer spending, saving, and living standards at different times and in different societies and of the psychological, social, and economic concepts and theories of consumption, Carle C. Zimmerman's **CONSUMPTION AND STANDARDS OF LIVING** (Van Nostrand, 1936; Arno, 1976, reprint) remains a classic. This first comprehensive interdisciplinary approach to the analysis of family budgets was the product of 16 years of in-depth research by Zimmerman, a professor of sociology at Harvard. The facets of his research range from the so-called laws of consumption and the roles of various categories of consumption—food, housing, etc.—to the then novel and popular idea of "spending for prosperity" and an appraisal of the prevailing American standard of living.

This attention to consumer purchasing power received new impetus with the publication of **CONSUMER EXPENDITURES IN THE UNITED STATES** by Hildegarde Kneeland and the staff of the National Resources Committee in Washington (Government Printing Office, 1939), the first nationwide survey of consumer income, expenditures, and savings to cover all groups in the population.

The Bureau of Labor Statistics' **HOW AMERICAN BUYING HABITS CHANGE** (Government Printing Office, 1959; Greenwood, 1969, reprint) is written in popular style and traces changes in the consumption and living conditions of American workers over the first half of the 20th century. Concentrating on the broad middle group of mass-market consumers, this Department of Labor publication follows the ever rising expectations of urban families—from the immigrant tenement-dweller's modest dream of a flat with a private entrance and plenty of light (Chapter I, "The Bell and the Bay Window") to the 1950 VA-mortgaged home in the suburbs (Chapter III, "From the Slums to Suburbia").

George Katona, one of the founders of Michigan's Survey Research Center and a pioneer in the development of psychological or behavioral economics, argues in **THE MASS CONSUMPTION SOCIETY** (McGraw-Hill, 1964) that American consumers are unique and impose new requirements on economic thought and economic policy. Our mass consumption society, he says, is marked by: *affluence* (the majority of families now have discretionary purchasing power and constantly replace and enlarge their stock of consumer goods); *consumer power* (cyclical fluctuations, inflation or deflation, and the rate of growth of the economy—all now depend to a large extent on the consumer); and *consumer psychology* (discretionary demand is a function of both ability to buy and willingness to buy, which, in turn, is a reflection of consumer motives, attitudes, and expectations).

A how-to-do-it approach to wise spending is found in Arch W. Troelstrup and Jack R. Critchfield's **THE CONSUMER IN AMERICAN SOCIETY: Personal and Family Finance** (McGraw-Hill, 1974). This is the fifth edition of a text on consumer education for American undergraduates and graduate students of family economics that approaches the life of the consumer as a whole rather than in its separate parts.

In democratic societies, where equality of opportunity is an important ideal, however imperfectly realized, the question of the extent to which class and ethnic origin determines career chances has a special significance. **THE AMERICAN OCCUPATIONAL STRUCTURE** by Peter M. Blau and Otis Dudley Duncan (Wiley, 1967) summarizes the first systematic effort to collect data on U.S. socioeconomic mobility and opportunity by surveying a large national cross section of the population. The value of the 1962 survey data is now mostly historic, but given the high degree of "permeability" of American society—the weak ties between social background and achievement—which the plainly stated conclusions document, the authors call into question the notion, popular in the mid-1960s, of a "culture of poverty," in which the disadvantaged were compelled to remain disadvantaged.

There are as many descriptions of what produces inequality of opportunity in America as there are prescriptions for its remedy. **SCHOOLING IN CAPITALIST AMERICA: Educational Reform and the Contradictions of Economic Life** by Samuel Bowles and Herbert Gintis (Basic Books, 1976) offers the view of "radical economists" of social stratification and mobility in contemporary America. While the analysis is controversial, it does provide a provocative assessment of the role of schools in preserving the socioeconomic hierarchy between generations.

Lester Thurow's **GENERATING INEQUALITY: Mechanisms of Distribution in the U.S. Economy** (Basic Books, 1975, cloth & paper) advances a theory that challenges the neoclassical microeconomic theorists in regard to such "exceptional" phenomena as: the persistence of economic inequality in the face of declining educational differences among workers; simultaneous rising unemployment and rising earnings; earnings differentials among persons working full-time all year in the same occupation. Thurow contends, for example, that increasing the formal training of the unskilled is not an effective way to equalize incomes.

Like Thurow, Christopher Jencks finds little hope that economic inequality can be overcome through education. **INEQUALITY: A Reassessment of the Effect of Family and Schooling in America** (Basic Books, 1972, cloth; Harper, 1973, paper), which Jencks coauthored with seven others, argues that, at the individual level, schooling accounts for few of the income differences among Americans, although formal education has a greater effect than parents' social status on an individual's income.