

Poverty and Social Exclusion

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Overview

- Poverty has always been a major concern for social policy researchers and policy makers.
- Academics and policy-makers disagree about how to define and measure poverty.
- Definition and measurement has more recently been extended to include also the problem of social exclusion.
- Poverty and social exclusion are complex multidimensional problems; but both began to grow in the 1980s after relatively low levels since the Second World War.
- Academic and policy concern is increasingly focused on the global dimensions of poverty and exclusion.



Poverty and Social Policy

The problem of poverty has been a key concern of social policy throughout its development. Some of the earliest policy measures introduced in the United Kingdom were concerned with poverty, including in particular the Poor Laws, which can be traced back to the beginning of the seventeenth century and provided the core of social policy provision throughout the nineteenth and early twentieth centuries (see Chapter 16).

Poverty has also always been a major focus for academic analysis and research. Some of the earliest social policy research in the United Kingdom, and indeed in the world, sought to define and to measure the extent of poverty in the late nineteenth century in London (Charles Booth) and York (Seebohm Rowntree).

Poverty has been at the centre of social policy in part because it provides a bridge between academic debate and policy action. Starting with Booth and Rowntree, academics have been

concerned to define and measure poverty, not merely as an academic exercise, but also because of a belief that, if poverty did exist, then policy-makers would be obliged to do something about it. This is because poverty is a policy problem – an *unacceptable* state of affairs, which requires some form of policy response. Debate about, and evidence of, poverty therefore is not only an academic issue it ‘drives’ policy development.

There has also, however, been much debate, and disagreement, about exactly what poverty is and how we should seek to define and measure it; and this is linked to its role as a policy driver. The different ways in which we define and measure poverty, and the differing extent of the problem that we therefore reveal, will lead to different demands for policy action, and different forms of policy response. The definition and measurement of poverty is bound up with the policy response to it.

Defining Poverty

The question of how to define poverty is thus at the heart of policy debate and academic analysis; and it is a question to which there is no simple or agreed answer. Academics and policy-makers disagree about how to define poverty, in large part because they disagree about what to do about it too. This was captured most revealingly in a quotation from the Secretary of State for Social Security in the Thatcher government of the late 1980s, John Moore, who sought to dismiss academic research which had suggested a growing problem of poverty in the country.

The evidence of improving living standards over this century is dramatic, and it is incontrovertible. When the pressure groups say that one-third of the population is living in poverty, they cannot be saying that one-third of people are living below the draconian subsistence levels used by Booth and Rowntree. (Moore, Speech to Greater London Area CPC, 11 May 1989)

In the 1980s the Conservative government did not believe that specific policies were needed to combat poverty beyond the well-established provision of social security benefits; and their argument that, by the standards of the nineteenth

century few people were poor, meant that there was no need for further policy action.

Since then of course the views of the governments have changed, with the Labour governments under Blair in the 1990s, identifying child poverty in particular as a serious social problem and pledging to eradicate it by 2020 (see Walker 1999). This led Labour to initiate a review by the Department for Work and Pensions (DWP) of the definition and measurement of child poverty, which resulted in the adoption of a new definition of poverty for policy purposes, with other measures developed within the devolved administrations, who also took up the commitment to eradicate child poverty. The new definition included both absolute and relative dimensions; and it is the distinction between these different approaches to understanding poverty which underpins the policy differences between Moore and Blair.

Absolute poverty is the idea that being in poverty means being without the essentials of life, and it is sometimes referred to as subsistence poverty. It is often associated with the early research of Booth and Rowntree, who were concerned to identify a subsistence level based on the cost of necessities and then to measure the numbers of people with household incomes below this level, and hence unable to provide for themselves and their families. However, in practice what is essential for life varies according to where and when one is living; and indeed when Rowntree repeated his research later on in the twentieth century he extended his list of essential items (see Chapter 5). Despite Moore’s assertion, most commentators do accept that the ‘draconian’ levels of the nineteenth century are not a valid basis for determining what it means to be poor over a hundred years later.

Relative poverty takes up this notion of changes in the determination of poverty levels over time, and place. It has been associated in particular with the work of Townsend, who in the 1950s and 1960s developed a new definition and measurement of poverty linking income to social security benefit levels, which showed that, despite general increases in affluence and improved social security protection, a significant proportion of the UK population did not have enough to achieve the living conditions ‘customary’ in society. According to this approach, as overall living standards rise

so to does the notion of what it means to be poor, so that any definition of poverty will be relative to the average standard of living of all within society. This is sometimes taken to be some proportion of average income levels, which, as we shall see, has in practice become widely used as a poverty level in the United Kingdom and across many other developed countries.

Defining poverty by reference to average incomes is potentially a circular approach, however. It would suggest that however much incomes rise a fixed proportion would always be poor; and it was just this illogical relativism that Moore was seeking to attack in 1989. What it means to be poor may change over time; but there must be more to the definition of poverty than simply the proportion of average income received.

Income is only an indirect measure of poverty in any event, of course. It is what we are able to buy with our incomes that determine our actual standard of living. This was recognized by Townsend, who sought to identify indicators which could be used to determine whether someone was going without essential items of living. It has since been taken further by a group of researchers led by Gordon, who have used a major social survey to identify those items which a majority of the population think to be essential for modern life and then measured the numbers unable to afford most or all of these. This was the basis of a Poverty and Social Exclusion (PSE) survey carried out at then end of the last century (Pantazis, Gordon, and Levitas 2006), and it is now being updated in a major new survey in the 2010s.

This includes both absolute (the notion of essential items) and relative (those considered necessary by contemporaries) elements of the definition of poverty. This is the way in which most debate about the problem of poverty is now conducted (see Lister 2004: ch. 1); and has been recognized specifically by government in the new measure of child poverty mentioned above and in more general policy debate on poverty and deprivation.

Deprivation and Exclusion

In developing his relative poverty approach Townsend was aware that maintaining a customary standard of living involved more than just

having a sufficiently high income. He recognized that people's health, housing conditions, and working conditions would also affect living standards, and yet these might be determined by factors beyond current income levels. Townsend discussed these other dimensions of deprivation in the report of his major research on poverty (*Poverty in the United Kingdom*, 1979), and argued that it was this notion of deprivation, rather than simply income poverty which better captured the problem of an inadequate standard of living in modern society.

In the mid-1980s the contributors to a Child Poverty Action Group (CPAG) publication (Golding 1986) took up this broader approach and drew attention to an increasingly wide range of other aspects of modern life, which could lead to deprivation for those excluded from them. These included information and communication technology, banking and financial services, and leisure activities, all of which are now readily recognisable as essential elements of modern life. The CPAG book was called *Excluding the Poor* and it highlighted the notion of exclusion from social activities as an important element of the problem of poverty. It is not just what we *have*, but what we *do* (or do *not* do) which can be a problem in society; and it is this notion of social exclusion which has begun to accompany poverty as a broader conceptualization of this key driver of social policy in twenty-first century Britain.

Social exclusion has become a more central feature of UK academic and policy debate in part because of the influence of European policy-making, where exclusion has for some time been a target of EU initiatives (see Room 1995). However, in 1997 a publicly funded research centre, the Centre for the Analysis of Social Exclusion (CASE) was established in the United Kingdom at the LSE. Here the researchers (Hills *et al.* 2002) developed the idea of exclusion as non-participation in key social activities such as

- *consumption* – purchasing of goods and services;
- *production* – participating in economically or socially valuable activity;
- *political engagement* – involvement in local or national decision making; and
- *social interaction* – with family, friends and communities.

These expanded the approach developed in the CPAG book back in the 1980s; and led the researchers to focus their attention on a range of different ways of measuring social exclusion using both quantitative and qualitative approaches, which revealed that the experience of exclusion varied over time and place, with different people experiencing different dimensions of the problem at different times.

The broader approach was also taken up by the Labour government after 1998 through the establishment of a special Social Exclusion Unit reporting direct to the Cabinet Office, though it was later downgraded to a Taskforce. The unit was never intended to combat all the different aspects of exclusion mentioned above, but to focus action on a small number of key policy priorities such as rough sleeping, school exclusion, and teenage pregnancy. The hope was that it would influence policy making across government departments; however, this had limited success, and in 2010 the coalition government formally abolished it.

Measuring Poverty and Social Exclusion

Researchers have tried to develop some means of measuring the broader concept of social exclusion, taking account of some of the different dimensions involved. The Labour government developed a list of fifty-nine indicators, including school attendance, infant mortality, and fear of crime, and tracked changes in these over time; but this has now been abandoned. The Joseph Rowntree Foundation has also supported research over ten years on a list of fifty similar indicators (Parekh, MacInnes, and Kenway 2010). However, the complex and changing information that these multiple measures provide does not make it easy to establish general levels of poverty and social exclusion or track changes in these. The problem might indeed be a complex one; but there is sometimes a need for simple summary measures.

This is to some extent recognized by both academics and policy makers; and in practice there are some simple (proxy) measures of poverty and social exclusion which are widely employed by researchers and politicians and do provide important evidence of the scale of the problem.

Most important here is the data on income levels produced annually in the *Households Below Average Income* (HBAI) report, available on the DWP web site. This uses a measure of poverty based on those households with an income below 60 per cent of median average income (that is the midpoint in the income distribution). This is a widely quoted measure, it is incorporated into the official definition of child poverty, and is also adopted in many other developed countries, in particular across the European Union.

On this measure 13.5 million people were poor in the United Kingdom in 2008/09, around 22 per cent of the population, and an increase of over one and a half million over four years. This includes 3.9 million children in poverty, over 0.6 million above the initial target of a 25 per cent reduction in child poverty in five years, on the way to the 2020 target of removing it altogether. Indeed progress on reducing child poverty is now in reverse. The HBAI figures also include information about the differing risk of poverty for different social groups including those with disabilities and ethnic minorities, and for different geographical regions; and summaries of these and other recent statistics can be followed on the 'poverty' web site listed at the end of this chapter.

The proportion of average incomes measure can also be used to track the changing extent of poverty and social exclusion over time. This is also provided on the poverty web site, from which Figure 26.1 is taken.

The figure also shows the proportions below 40 per cent and 50 per cent of the median and it has been adjusted to account for housing costs, as these can vary significantly across the country. As can be seen levels of income inequality rose sharply in the mid-1980s, and dropped slightly in the early twenty-first century, before starting to rise again a little over the last few years.

Of course the explanations for these changes are complex, and Hills explores some of them in his work on inequality. Nevertheless, the figures reveal that the proportions of people in poverty on this low income measure have remained high since the 1980s, with only some improvement in the early years of the new century under Labour. What is more, they suggest that the target of eradicating child poverty by 2020 will be a demanding one, and will require policy changes that go some way beyond the recent initiatives in

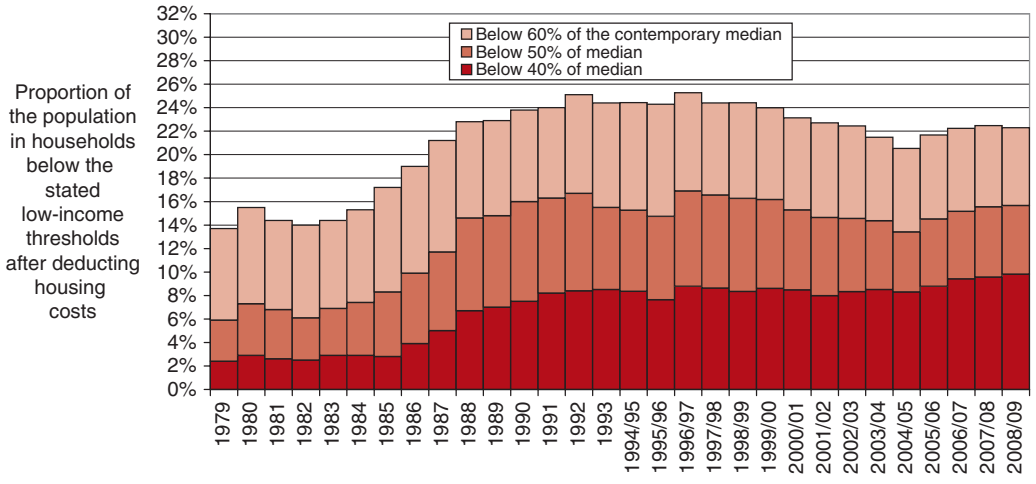


Figure 26.1 The proportion of people in low-income households, 1979–2008/9.
 Source: Households Below Average Income, DWP (1994/95 onwards) and the IFS (earlier years); UK; updated August 2010, www.poverty.org.uk/01/index.shtml?2.

tax credits and benefit increases begun under the previous government and now being cut back by the coalition as part of their deficit reduction strategies.

Emerging Issues

Despite the limitations in practice of the achievements of the previous Labour governments in eradicating child poverty and tackling the wider problems of social exclusion, there was a strong policy commitment to the embracement of anti-poverty policy and the promotion of social exclusion as core public policy goals, represented in the creation of the Social Exclusion Unit. In opposition the Conservatives were critical of Labour’s record, however, and argued that despite increased government expenditure, the government had not succeeded in mending what they called ‘Broken Britain’.

The new coalition government has therefore abandoned many of Labour’s initiatives, such as the exclusion taskforce, and have sought to shift the focus of policy development. The coalition’s primary policy commitment, of course, is the removal of the public sector deficit inherited from Labour. This means widespread cuts in public expenditure, but in particular cuts in

spending on welfare benefits, where Child Benefit is to be frozen and Tax Credits cut back. These changes are likely to increase the proportions of families on low income. The government have not formally abandoned Labour’s 2020 child poverty target, however; although they do argue that the problem of child poverty, and indeed social exclusion more generally, is not primarily a function of low income, but is rather the result of wider failures in individual and family responses to social problems. The focus of policy has therefore shifted to greater emphasis on promoting employment and improving work incentives, through a simplification of benefit entitlement and stricter requirements for job search and take-up (see Chapters 45 and 46).

Whether this does lead to reductions in poverty and social exclusion remains to be seen, but at the moment, as the evidence above suggests, these have remained high in the United Kingdom in the 2000s. They also compare unfavourably with some other EU nations such as France and the Netherlands, and in 2009 the United Kingdom was just above the EU average for the proportion of low income households. Other countries have higher levels, for instance Italy and Greece, as do other countries beyond Europe, such as Japan or the United States; and to a significant extent poverty and social exclu-

sion are major problems in all countries across the world. This is much more serious when developing countries are taken into account, however, in particular those in Africa and the Indian Subcontinent. Here poverty and exclusion are much more pressing, with millions in Africa facing starvation and early death.

Poverty and social exclusion are therefore international – or rather global – problems. This was brought starkly into relief by the *Make Poverty History* campaign in 2005, which sought to put pressure on the developed nations to make commitments to relieve poverty in Africa and elsewhere. This did lead to some promises to increase international aid for developing countries and to ‘write-off’ debts and trade deficits where these were preventing future economic development, though in practice not much changed following this. Earlier than this the 117 nations attending a United Nations (UN) summit on social development in Copenhagen in 1995, had committed the UN to a goal of eradicating global poverty through international action; and international agencies such as the UN Development Programme, the World Health Organization, and the World Bank have been instrumental in implementing a range of international programmes to combat poverty and promote economic development across the world.

There is an increasing recognition among leading politicians and policy-makers that poverty and social exclusion are global, and not just national, problems; and that concerted international action will be needed to address these – although the extent of the commitment and resources required, and the time taken to achieve significant results may not be fully appreciated by many. The scale of this international challenge has also now been explored by academic researchers, notably by Townsend himself, who went on to write about the need to combat ‘World Poverty’ (Townsend and Gordon 2002). The future policy climate for poverty and social exclusion is therefore likely increasingly to become an international one, within which national government can only play a limited role.

Guide to Further Sources

The most comprehensive general book on research and policy on poverty and social exclusion is P. Alcock, *Understanding Poverty* (3rd edn,

Basingstoke: Palgrave, 2006). R. Lister, *Poverty* (Cambridge: Polity Press, 2004) provides a convincing explanation of why poverty is a problem and how we should respond to it, as does P. Spicker, *The Idea of Poverty* (Bristol: Policy Press, 2007). Different dimensions of poverty and exclusion are discussed by the contributors to T. Ridge and S. Wright (eds), *Understanding Inequality, Poverty and Wealth: Policies and Prospects* (Bristol: Policy Press, 2008).

An overview of trends in levels of poverty and inequality is provided by J. Hills *et al.*, *An Anatomy of Economic Inequality in the UK*, CASE report 60 (London: LSE, 2010); and a review of the record of the Labour governments is provided by J. Hills, T. Sefton and K. Stewart (eds), *Towards a More Equal Society?: Poverty, Inequality and Policy since 1997* (Bristol: Policy Press, 2009). A. Parekh, T. MacInnes, and P. Kenway, *Monitoring Poverty and Social Exclusion 2010* (York: Joseph Rowntree Foundation, 2010) reports on the latest data on their list of indicators.

Early discussion of the dimensions of social exclusion can be found in P. Golding (ed.), *Excluding the Poor* (London: CPAG, 1986); G. Room (ed.), *Beyond the Threshold* (Bristol: Policy Press, 1995) contains papers from European commentators on social exclusion; and a summary of the CASE research can be found in J. Hills, J. Le Grand, and D. Piachaud (eds), *Understanding Social Exclusion* (Oxford: Oxford University Press, 2002). The extensive findings of the 2000 PSE survey are now available in C. Pantazis, D. Gordon, and R. Levitas (eds), *Poverty and Social Exclusion in Britain* (Bristol: Policy Press, 2006). P. Townsend and D. Gordon (eds), *World Poverty* (Bristol: Policy Press, 2002) contains contributions on the developing global context of poverty policy.

Government web sites are important sources of official policy and research reports, in particular that of the Department for Work and Pensions, www.dwp.gov.uk. An independent web site with up-to-date statistics on poverty and social exclusion, from which Figure 26.1 was taken, is maintained by Guy Palmer www.poverty.org.uk. The Joseph Rowntree Foundation web site, www.jrf.org.uk, contains copies of their many research reports in the area. The CPAG site, www.cpag.org.uk, includes information on campaigning activity, policy briefings, and summaries of recent statistics.

The Labour government's child poverty pledges are discussed in R. Walker (ed.), *Ending Child Poverty: Popular Welfare for the 21st Century* (Bristol: Policy Press, 1999).

- 4 How, and why, have levels of income poverty in the United Kingdom changed over the past thirty years?
- 5 How effective were the policies of the New Labour government 1997–2010 in eradicating child poverty?

Review Questions

- 1 Why has research on poverty been so important to the development of academic social policy?
- 2 What is the difference between *absolute* and *relative* poverty?
- 3 How did the Poverty and Social Exclusion survey seek to define and measure social exclusion?

Visit the book companion site at www.wiley.com/go/alcock to make use of the resources designed to accompany the textbook. There you will find chapter-specific guides to further resources, including governmental, international, think-tank, pressure groups, and relevant journals sources. You will also find a glossary based on *The Blackwell Dictionary of Social Policy*, help sheets, and case studies, guidance on managing assignments in social policy and career advice.