

Policy Paper

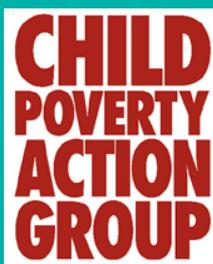
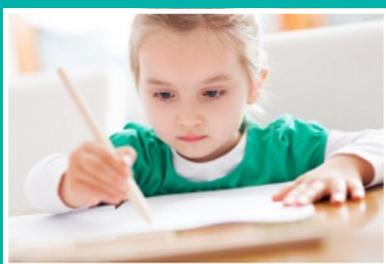
Abolishing Want in a Social State

Written by Kate Bell and
produced in association with

**CHILD
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March 2013

Series: A Social State for 2015



December 2012 marked the 70th anniversary of the Beveridge Report, significant not only for its content but also for its context. In the midst of World War II, with a budget deficit and national debt that makes today's look negligible, the Report laid the basis for the radical reforms introduced by the Labour Government in 1945.

If war-time Britain could summon up the energy and hope to build a better world in 1945, this generation certainly can too. Seventy years ago the Beveridge Report announced the pursuit of a new settlement, one that would dramatically change the structure of Britain for the better. With this in mind, this series of work looks at what Beveridge's analysis of society can teach us about the Giant Evils of today and how we use this to chart an alternative course for a welfare state - or *Social State* - fit for a new settlement in 2015.

This paper was commissioned as part of the series to address the Giant Evil of 'Want' and to propose new policy priorities for dealing with poverty.

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Child Poverty Action Group (CPAG)

CPAG is the leading national charity working to end poverty among children, young people and families in the UK.

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Executive summary

Beveridge believed that want - or poverty as we would today understand it - would be one of the easiest of the five giants to slay on the road to reconstruction, compared to the task of eliminating disease, squalor, ignorance and idleness. Seventy years on we're a long way from achieving that goal. Figures for 2010/11 show that 27 per cent of children, 21 per cent of working age adults, and 14 per cent of pensioners were poor and the number is set to rise in years to come².

This failure can be seen as one of politics as much as policy. Beveridge argued that *"Freedom from want cannot be forced on a democracy or given to a democracy. It must be won by them"*¹. Looking both at the history of UK policy and internationally it's clear that countries that set out to reduce poverty, and are prepared to increase spending in order to do so, find that poverty does indeed reduce. Child and pensioner poverty both fell by over a million in the last decade in the UK and in general, countries with more generous welfare states have lower poverty levels. In the words of UNICEF, you get the (child) poverty level you pay for.

This doesn't mean however that the only strategy to tackle poverty is one of redistribution. The need to commit additional resources to tackling poverty, and the ability to do so, depends to a large extent on levels of employment across a population. The increases in poverty in the UK 1980s were driven not only by reductions in the level of social security but in a polarisation between 'work rich' and 'work poor' families, and levels of maternal employment play an important role in explaining differences in child poverty rates across countries.

It's easy to be pessimistic about the British public's willingness to win an end to poverty at the moment. Repeated attitude surveys show a scepticism about additional spending on social security and declining support for redistribution. But it's possible to argue that this results in part from a debate about poverty and benefit claimants that has become increasingly toxic, serving to separate off the poor from the rest. Attempts to neutralise this debate by getting tough on welfare have largely proved counterproductive.

What might an alternative strategy look like?

One positive message from this report is that the policy and communications implications of research on poverty in the UK point largely in the same direction. We know that in policy terms, the largest groups of people living in poverty are people in work and couples with children. Tackling poverty for these groups means universal policies that reduce the costs of children (including additional childcare and child benefit), and policies that seek to tackle in-work poverty by both increasing employment and potentially by reducing housing costs. We also know that in terms of communicating the need for these policies we need to not separate out 'the poor' from the rest, but to show that these are interventions that help the majority rather than a marginalised group. Universal and employment based solutions therefore meet both these criteria.

Two challenges face this agenda in the context of economic austerity. Firstly, universal policies have greater immediate costs than targeted additional spending. But international evidence suggests that in the long term they are more effective at tackling poverty. We don't have to believe that we can move instantly to a comprehensive universal welfare state to think that this should still be the direction of travel. Secondly, by far the biggest driver of poverty levels in the next several years is likely to be the widespread cuts imposed to social security. Should anti-poverty campaigners simply focus on campaigning against these cuts? Again, this seems like a poor long-term strategy. Although the need to demonstrate the impact of these cuts on people's lives is vital, this task needs to be kept separate from that of forging a positive agenda for improving the incomes and lives of the significant numbers of people still hit by poverty in the UK. Neither of these are easy choices, but the evidence suggests that if we want to ensure that we get the policies we need to finally get rid of want, they may be necessary.

Poverty takes away people's autonomy, subjects them to shame, and damages their futures. But the key message of this report is that it can be tackled - provided the political commitment is there. Winning that commitment is now an essential task.

Introduction

“Social insurance fully developed may provide income security; it is an attack upon Want. But Want is one only of five giants on the road of reconstruction and in some ways the easiest to attack.”

William Beveridge (1942)¹

Beveridge’s 1942 report was first and foremost a plan for the abolition of want. Yet want, in the form of poverty, has proved far from easy to abolish. In 2010/11, the latest available figures, 27 per cent of children, 21 per cent of working age adults, and 14 per cent of pensioners were poor². This paper attempts to understand why want – which we call poverty from now on - is so prevalent today, 70 years after the Beveridge Report, and to look at what a renewed attack on it might look like.

The American sociologist David Brady has a simple answer to the question of how to explain variations in poverty rates. Examining cross-national differences in poverty rates, he argues that poverty is essentially a political artefact:

“..politics can account for why the United States consistently has about two to three times as much poverty as Western Europe and why poverty fluctuated over the past few decades. This theory places causal primacy in the welfare state in explaining such variations. The more generous a welfare state, the more people are protected from the economic insecurity and instability of markets. ... there are many diverse features of the welfare state, but across all varieties of types of welfare states, there is a strong linear negative relationship between welfare generosity and poverty. The welfare state’s influence is unmatched by any other cause. The effects of welfare generosity are always significantly negative, regardless of what one controls for, regardless of the welfare regime and regardless of the time period.”³

Brady argues that “latent coalitions for egalitarianism” - principally left wing political parties and union movements - are the critical factors enabling variations in welfare state generosity, and in turn, poverty rates across time and place. On this account, to explain the failure of our own welfare state to abolish poverty in the present, we need to look first to political factors before looking at policies.

But even if we accept this account we still need to know what types of policies these

“coalitions for egalitarianism” should be arguing for. Welfare states can be generous in different ways and to different people and the context in which they operate varies widely. Beveridge based his findings on a number of surveys of poverty undertaken in the pre-war period to argue that the principal causes of poverty were loss of earnings power and family size. Today we know that 48 per cent of poor individuals have at least one person in the household in paid work⁴. Changes in the distribution of employment and earnings between individuals and households mean that the risks that the welfare state has to protect from are inevitably different than those 70 years ago. We need to understand the risk factors for poverty today in order to understand the types of response that are needed from the welfare state and identify the problems that social security can address.

To have any chance of seeing these responses put into practice we also need an understanding of the political as well as the policy environment. Brady suggests that coalitions in support of welfare state generosity are formed from those with a principled interest in a more egalitarian society acting alongside those who are likely to immediately benefit from any expansion in provision. Repeated attitude surveys in the UK have suggested that these coalitions have fractured in recent years, with support for redistributive policies declining⁵. Pointing out that the high spending, welfare generous, low poverty Nordic countries also do better on most measures of wellbeing⁶ doesn't seem enough of a strategy to get past this trend, particularly in a time of economic austerity. Although as many have pointed out, the economic climate in which the Beveridge proposals were designed and implemented was hardly balmy.

This report therefore attempts some tentative answers to the questions of both the policies that might be necessary to abolish want in today's society, and the arguments that could be useful in gaining their support. It starts with a brief discussion of how we should understand want today, who experiences it, and why we should care. It then looks at the evidence on which policies have been effective at tackling poverty, looking first over time within the UK and then internationally, concentrating on poverty among children and those of working age. Finally it examines public attitudes to poverty within the UK and the context in which arguments in support of these policies need to be made.

Poverty today

“Of all the want shown by the surveys, from three-quarters to five-sixths, according to the precise standard chosen for want, was due to interruption or loss of earning power. Practically the whole of the remaining one-quarter to one-sixth was due to failure to relate income during earning to the size of the family.”

William Beveridge (1942)⁷

Beveridge wrote his plan in the context of the widespread unemployment of the 1930s when the question of want was forced onto the national consciousness by the “deepest recession the modern world has known”⁸. Nicholas Timmins’ history of the welfare state points out that unemployment, while widespread, was far from universal: “while it reached 67 per cent in Jarrow, it was a mere 3 per cent in High Wycombe, and 7 per cent in London’s Deptford”. But as Timmins argues, the scale of the problem, its increasing representation in both social research (including Rowntree’s surveys of the poor in York) and popular culture (for example in the Road to Wigan Pier), allied to the increased social mixing brought about by the war, contributed to a situation in which poverty was clearly acknowledged as a national problem. Timmins cites a Times editorial of 1940:

“If we speak of democracy we do not mean a democracy which maintains the right to vote but forgets the right to work and the right to live... If we speak of equality we do not mean a political equality nullified by social and economic privilege. If we speak of economic reconstruction we think less of maximum (though this job too will be required) than of equitable distribution.”⁹

It’s far less clear that a similar consensus exists today despite the existence of a depression that, according to the National Institute of Social and Economic Research, has lasted for longer than that of the 1930s¹⁰. In part this may be because the social security system, following Beveridge’s reforms, is now more effective. Responding to the rise in food bank usage, the Prime Minister David Cameron suggested recently that benefit levels are high enough to ensure that no-one is going hungry¹¹. But we also seem to have greater confusion about what poverty really means. The Government is currently consulting on how best to measure child poverty, arguing that current headline measure of poverty - households falling below 60 per cent of median income - fails to reflect the full experience of growing

up poor¹². It's therefore worth looking briefly at what poverty looks like in Britain today and why we should care about it, as well as at who is experiencing it.

What is poverty?

Poverty is widely understood as a condition in which the material resources an individual has access to are insufficient to meet their needs. Needs can be absolute – for shelter, food, and clothing – but are also relative to the society in which an individual lives. Adam Smith's much quoted statement that *“by necessities I understand, not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without”*¹³ remains a concise expression of the view that poverty can only be understood in reference to a particular time and place.

How poverty should be measured remains the subject of longstanding academic debate, with perhaps the clearest point of consensus being that no one measure is perfect. Measuring needs, resources, and individuals' ability to access those resources is difficult. The UK has got furthest in developing a suite of measures for child poverty, where the 2010 Child Poverty Act sets out four measures of the duty it places on Government to abolish child poverty by 2020:

- **A measure of 'relative' low income** - defined as living below 60 per cent of median income.
- **A measure of 'absolute' low income** - defined as living below 60 per cent of median income in 2010/11.
- **A measure of 'persistent poverty'** - defined as living in a household with relatively low income for three out of four years.
- **A measure of 'low income and material deprivation'** - defined as living in a household with below 70 per cent of median income and lacking certain goods and services.

The material deprivation measure gives the most immediate grasp of what poverty looks like, measuring household access to a list of items defined as essentials, based on qualitative and quantitative research as to what individuals consider to be

necessities¹⁴. Measuring poverty using this measure asks families to identify whether they have these items or do not have them because they cannot afford them. It highlights the fact that poverty limits individuals' decisions to those about necessities - choosing between heating or eating, rather than say, between a meal out or a cinema ticket.

But the material deprivation measure is at present, only produced for families with children. What's more, while presenting a picture of who is poor at any one moment, it's much harder to use to present consistent time series, or comparisons across nations, as what counts as a necessity inevitably varies. The relative poverty measure of 'falling below 60 per cent of median income' may be seen as only a proxy for a fuller understanding of poverty. But as UNICEF concluded in their recent report on measuring child poverty internationally, "*median income is 'a strong indicator of what is considered normal in contemporary society'*"¹⁵ and what's more, one on which consistent data exists. It's this indicator that is therefore used when talking about poverty in the rest of this report (unless otherwise specified).

Why does poverty matter?

To some extent asking this question seems oxymoronic. As David Piachaud argued influentially three decades ago, the term poverty carries with it "*an implication and moral imperative that something should be done about it*"¹⁶. Poverty simply is a bad thing, in and of itself. Beveridge does not seem to have spent much time explaining why exactly want should be seen as a social evil. But thinking about why poverty matters could be important in thinking about the types of solutions that are necessary for tackling it. For example, if we think that poverty matters because of a lack of respect, a policy that hugely increased people's incomes but marked them out visibly as having received special treatment might be rejected. Three possible reasons for caring about poverty are as follows:

1. **Autonomy**

Poverty restricts people's choices about how they live their lives in the present and their ability to plan for the future. Of course, material (and other) circumstances restrict everybody's decisions, but the inability to meet basic needs means that people living in poverty are forced to choose between necessities. The extra restrictions in autonomy experienced by the poor

should be seen as problematic by anyone who believes that this is a fundamental human value.

2. Equal Treatment

There is widespread evidence that poverty is associated with experiencing shame and a lack of respect. Recent qualitative research on the experience of poverty in rural Uganda and India; urban China; Pakistan; South Korea and the United Kingdom; and small town and urban Norway found that:

“though socially and culturally nuanced, shame was found to be associated with poverty in each location, variably leading to pretence, withdrawal, self-loathing, ‘othering’, despair, depression, thoughts of suicide and generally to reductions in personal efficacy. While internally felt, poverty-related shame was equally imposed by the attitudes and behaviour of those not in poverty, framed by public discourse and influenced by the objectives and implementation of anti-poverty policy.”¹⁷

3. Futures

It’s important to separate poverty from other negative things that might affect an individual’s wellbeing. Poverty is a distinct experience from that of, for example, ill health, poor education, or emotional stress. But it’s clear that across a wide range of indicators, poverty can have negative impacts on future chances. This is particularly the case for children. For example, evidence from the Millennium Cohort Study (MCS) shows that:

“analyses of MCS children’s development at age 5 suggest, as found in other studies, that persistent financial hardship undermines cognitive as well as behavioural adjustment of young children at this age, and is thus a significant risk factor for development. ... Children exposed to financial hardship at three interviews [interviewed at ages 9 months, age 3 and age 5] were most severely touched by its effects.”¹⁸

The focus on children of anti-poverty policy under both this and the previous Government can be seen as justified by the potential long term scarring effects of growing up poor. But poverty in adulthood is also associated with negative outcomes, for example, poor health¹⁹. These avoidable poor

outcomes have costs not only for individuals but for other social services and for productivity²⁰.

Are these reasons for caring about poverty or is what we are really worrying about measures of inequality? The social gradient in health, for example, extends above the poverty line, so that those on middle incomes have (on average) poorer outcomes than those on high incomes²¹. There are (at least) two possible responses to this question. Firstly, given that the lack of autonomy and dignity, and the worse outcomes are most extreme for those at the bottom of the income distribution, we should worry about those who are poor first, before we worry about those higher up the income scale. From a different perspective, it could be argued that poverty matters more than inequality – that society has a duty to meet individual's basic needs but not to further equalise resources²². A focus on poverty as the matter of concern might be able to unite those arguing from both positions.

Setting out the reasons why poverty matters is not the same as arguing that policies should always be framed in terms of poverty reduction (as discussed further in the section on politics and poverty). But it may be important in setting the constraints for policy options; while policies that increase material resources will usually increase autonomy and dignity and improve outcomes, the importance of these objectives needs to be borne in mind.

Who's poor in the UK?

In 2010/11, the latest available figures, 27 per cent of children, 21 per cent of working age adults, and 14 per cent of pensioners were poor (measured as living below 60 per cent of median income adjusted for household size, after housing costs)²³. The following sections of the report focus primarily on poverty among working age adults and children rather than on pensioners. But it's worth noting that pensioner poverty has fallen dramatically in the past decade, falling twelve percentage points from 26 per cent in 2000/2001. If, as David Brady argues, "*a particular characteristic is associated with poverty, this suggests that in that national context, citizenship has not been defined so as to ameliorate the economic insecurity associated with that context*"²⁴, we have clearly become more willing to treat pensioners as full citizens. The table overleaf shows the risk of poverty within the whole population (including pensioners) for individuals with various household and family characteristics.

Table 1: Percentage of individuals in low-income groups by various family and household characteristics, United Kingdom.

Household and family characteristics	% of individuals with less than 60% of median income AHC	All individuals (millions) Source: FRS 2010/11
Economic status of adults in the family		
One or more full-time self-employed	26	6.1
Single/couple all in full-time work	6	16.2
Couple, one full-time, one part-time work	7	8.1
Couple, one full-time work, one not working	24	6.6
No full-time, one or more in part-time work	30	5.6
Workless, one or more aged 60 or over	18	10.6
Workless, one or more unemployed	72	2.2
Workless, other inactive	56	5.7
Family type		
Pensioner couple	13	8.3
Single pensioner	17	4.6
Male	14	1.2
Female	18	3.4
Couple with children	22	21.6
Couple without children	13	10.9
Single with children	41	4.9
Single without children	27	10.8
Male	28	6.6
Female	26	4.2
Gender and adulthood		
Adult male	19	23.4
Adult female	20	24.6
Children	27	13.0
Marital status		
Couple	18	40.9
Married or Civil Partnered	16	33.0
Cohabiting	24	7.9
Single	28	20.2
Disability		
Disabled individuals	23	11.5
Disabled children	27	0.8
Disabled working-age adults	31	5.4
Disabled pensioners	14	5.3
Non-disabled individuals	21	49.6
Non-disabled children	27	12.2
Non-disabled working-age adults	20	30.9
Non-disabled pensioners	14	6.4

Ethnic group of head (3-year average)		
White	20	54.4
Mixed	36	0.6
Asian or Asian British	42	3.3
Indian	30	1.5
Pakistani and Bangladeshi	55	1.3
Black or Black British	41	1.6
Black Caribbean	32	0.6
Black Non-Caribbean	47	1.0
Chinese or Other Ethnic Group	38	0.8
All individuals¹	21	61.1

Source: Adapted from Table 3.5db in DWP (2012) *Households Below Average Income: An analysis of the income distribution 1994/95 – 2010/11 DWP*

¹ The totals for all individuals are shown for the UK for the latest year and are not three-year averages.

What does this table show about who is at most risk of poverty in Britain?

- **Households in which no-one is working**, whether because they are unemployed or inactive, **have an extremely high risk of poverty**.
- **Single parents are the family type most at risk of poverty**, followed by single people without children.
- Adult women are very slightly more likely to be poor than men; children are much more likely to be poor than either.
- Single people are more likely to be poor than those married or cohabiting.
- Disabled people are slightly more likely to be poor than those without a disability (the small size of the gap may reflect that fact that disability benefits are included as income, one of the disadvantages of this poverty measure).
- **Households headed by a white individual have a significantly lower risk of poverty** than those headed by an individual from any other ethnic group. Households headed by someone defining themselves as being from a Bangladeshi or Pakistani background, or from a 'black non-Caribbean' background have a particularly high risk of poverty.

This shows us those groups and individuals who have a disproportionate risk of falling into poverty. Other figures within the Households Below Average Income

series show the composition of the group of individuals living below the poverty line, combining the risk of poverty with the size of that group within the population. These figures show that (in 2010/11):

- For Beveridge interruption of earnings power explained up to five sixths of want. Today a simple diagnosis of ‘worklessness’ is insufficient to explain poverty levels - **48 per cent of all poor households have someone in work.** Excluding pensioners and looking only at working age adults, this rises to 52 per cent.
- The smallest groups of those in poverty were households where a single person or couple was working full time (7 per cent) and couple households in which there was one full time and one part time earner (4 per cent).
- **Couples with children are the type of family who make up the largest group of those in poverty,** despite their relatively low risk of poverty, due to their size in the population (37 per cent), followed by single adults (22 per cent). Single parents make up just 16 per cent of the poor.
- **Children are significantly over-represented amongst those in poverty,** making up 27 per cent of this group, compared to just 21 per cent of the population. Women make up 38 per cent of the poor (40 per cent of the population) with men the remaining 35 per cent (38 per cent).
- Disabled people are slightly more common among the poor than among the whole population, 20 compared to 19 per cent. However, whereas the figures reported here take account of variations in household need due to family size, they do not adjust for the additional costs of disability, and include the benefits that meet these costs as income. Disabled people’s poverty is therefore to some extent hidden by these statistics.
- Households headed by a white person make up 81 per cent of all poor households, (albeit that this is significantly lower than their share of all households, which is 90 per cent)²⁵.

Beveridge identified family size as a second key contributor to poverty rates, alongside unemployment. Looking at the poverty rates for households with children we can see that large families still do face significantly higher risks of poverty, with 35 per cent of those with three or more children in poverty, compared to 24 per

cent of those with two children and 26 per cent of those with one child. Large families do contribute to the size of the problem of poverty, with 32 per cent of poor children living in a household with three or more children. But the largest group of children in poverty is those in two child families who make up 40 per cent of poor children.

Looking at risks and composition of groups in poverty therefore gives quite different impressions of what we need to do to tackle poverty. If we want to address the risk of poverty for individuals, then it seems that households in which no-one is in work, single parents, and those from a minority ethnic background require the most attention. But if we want to target policy at those who make up the majority of the poor, it's working age households with at least someone in work, couples with children, and white households to which efforts should be directed. Of course these aren't either/or strategies; policy should be able to mitigate the very high risks for certain groups and look at what drives the majority of poverty. The next chapter examines how well the British welfare state since Beveridge has performed these tasks over time.

Explaining poverty: Comparisons over time in the UK

The description of poverty levels in the UK today makes clear that poverty rates are a combination of the risk of poverty for particular groups and the size of those groups within the population. Anti-poverty policies can therefore attempt to a) reduce the risk of poverty for a particular group, changing the level of risk or b) reduce the size of that group in the first place, changing the extent to which the risk is experienced. Beveridge's system of social insurance was an attempt to reduce the risks of poverty, principally for those experiencing an *"interruption of earnings power"*. But this plan was to be built on the basis of three fundamental assumptions:

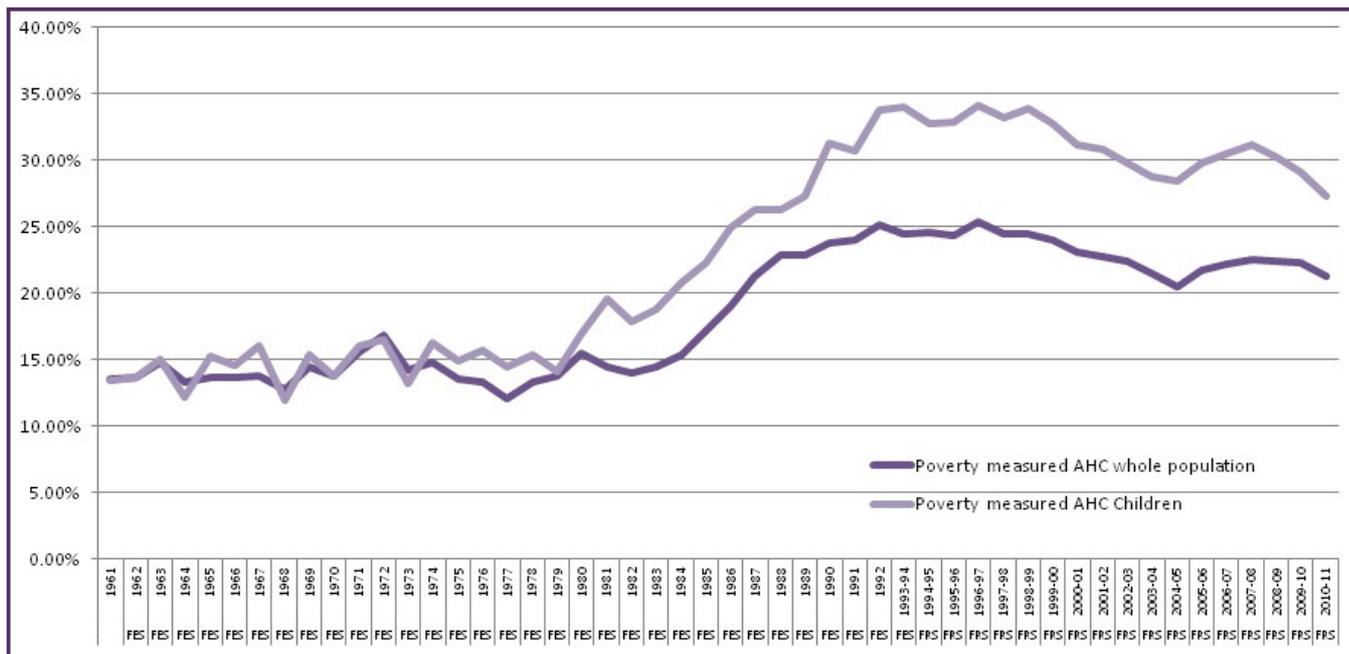
- 1. *"Children's allowances for children up to the age of 15 or if in full-time education up to the age of 16;***
- 2. *Comprehensive health and rehabilitation services for prevention and cure of disease and restoration of capacity for work, available to all members of the community;***
- 3. *Maintenance of employment, that is to say avoidance of mass unemployment."*²⁶**

The first of these assumptions is about responding to risk – specifically the risk of poverty caused by the additional costs of children. But the second two seek to reduce the occurrence of risk in the first place. A national health service should ensure that those who are out of work due to sickness are restored quickly to full earning capacity and full employment policies should ensure that as few people were forced to rely on unemployment insurance as possible.

In analyzing the performance of poverty policies over time within the UK, and specifically the success of the Beveridge system we therefore need to look at how effective these policies were at both preventing events or situations associated with a risk of poverty from occurring, and at responding to these risks when they did. In other words we need to look at predistribution - what is happening to the risk of poverty before the social security steps in, at 'redistribution', how the system responds to the risks of poverty and finally at how this response in turn shapes future risks.

What is evident from a quick look at poverty rates over the last 70 years is just how much these have varied. Chart 1 shows poverty rates over time for all individuals, and for children in the UK since 1961.

Chart 1: Poverty rates among the whole population and among children, 1961 to 2010/11 (measured as falling below 60 per cent of contemporary median income after housing costs).



Source: Figures produced by the Institute for Fiscal Studies from the Family Expenditure Survey (until 1992) and the Family Resources Survey.

Three things jump out of this graph:

1. Poverty was by no means abolished by the Beveridge system, standing at 15 per cent in 1961.
2. Poverty rose hugely during the 1980s, and although it peaked in 1996/1997, at its lowest level in the 2000s it remained higher than it had been at any point prior to 1987.
3. Children's poverty only started to overtake that of the general population in 1980 but children remain significantly more likely to be poor.

Can flaws in the Beveridge system itself be blamed for these facts? Two significant issues have been identified with the design of the scheme itself.

The failure to abolish means testing

Howard Glennerster, in a report published to mark the centenary of the Joseph Rowntree Foundation, concludes that *“the comprehensive post war social insurance schemes never eliminated poverty or major dependence on the old public assistance tradition”*²⁷. Glennerster argues that the assumption that setting flat rate insurance benefits (paid to those out of work or sick) at the level identified by Seebohm Rowntree’s 1930s studies as the primary poverty level *“ignored the wide diversity of rent levels faced by people in different parts of the country”*²⁸. Even at the start of the scheme many more households than had been originally envisaged found themselves having to supplement their income with means tested benefits. Means tested benefits became an even larger part of the system throughout the 1970s and 80s²⁹.

In part the failure to set insurance benefits at a level sufficient to prevent poverty was constrained by the design of the scheme itself. Beveridge insisted on flat rate (rather than progressive) contributions from all employees matched by flat rate benefits. The rate of contribution, and therefore benefit, was therefore constrained by the level seen reasonable for the lowest paid workers. Earnings related benefits were briefly introduced into the system in the 1960s and 1970 but phased out again during the 1980s³⁰.

Gaps in coverage

Two major groups were ignored by Beveridge. Firstly, married women were confined to the status of dependents. The failure to recognise women with children with an independent income (other than widows) meant that the system was ill equipped to deal with the rise in single parenthood in the 1970s and 1980s.

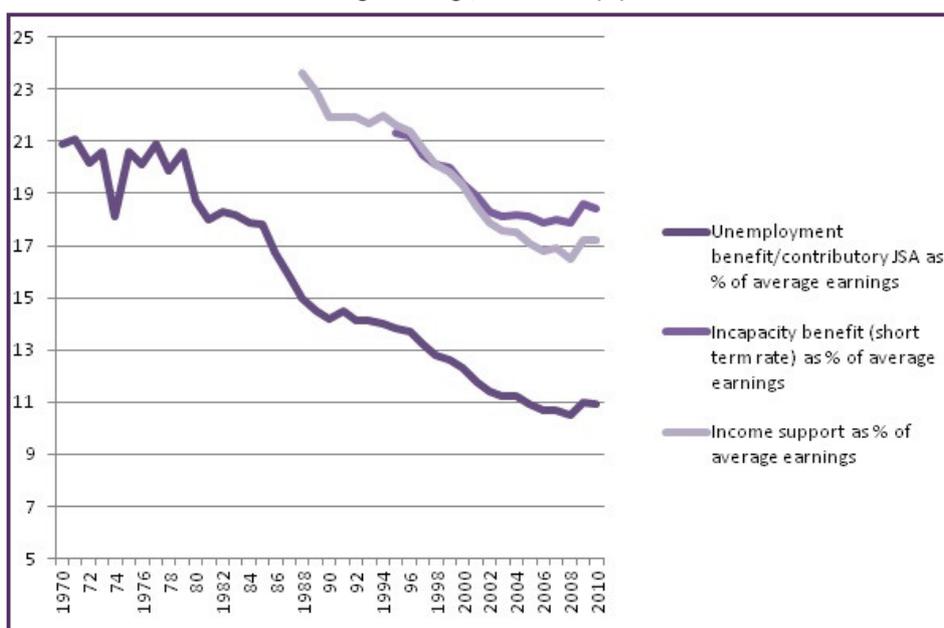
Secondly, disabled people who were not disabled due to a war or industrial injury were excluded. There has been a noticeable rise in the proportion of the working age population claiming disability benefits, something that Beveridge was unlikely to have predicted³¹.

These may have been flaws with the scheme, but they were flaws capable of redress. Glennerster argues that:

“The basis of the contributions and benefits could become income related, as was to be the case in other European countries and America [and as mentioned above, there were moves towards in the 1960s and 70s]. Women could be treated as insured in their own right. Special tax based schemes for the disabled could be introduced [and a new range of disability benefits including Attendance Allowance and Mobility Allowance were indeed introduced in the 1970s]. Benefit levels could be made more generous. All of these were to become the stuff of successive attempts to reform the national insurance system from 1958 to 1975. In the end they too failed.”

These issues might explain the failure to abolish poverty in the first forty or so years of the scheme. But can they explain the huge increases in poverty during the 1980s? One element of the scheme stands out as potentially significant - the insistence on flat rate contributions and benefits. Glennerster argues that this meant that benefit levels were never seen as sufficiently generous for the middle classes to be able to rely on (particularly when it came to pensions). *“When Mrs Thatcher’s government broke the link between benefit rates and average earnings in the 1980s, it did so largely with political impunity”*. This break between benefit levels and average living standards has been widely seen as in part responsible for increasing the risk of poverty. Those who faced unemployment became significantly more likely to be poor during this period and the ratio of benefits to average earnings never really recovered:

Chart 2: Value of benefits to average earnings, 1970-2010 (%).



Source: DWP Abstract of Statistics for Benefits, NI and Contributions, and Indices of Prices and Earnings, 2010.

However, the 1980s also witnessed three changes in the extent of risk which also contributed to the size of the poverty gap.

Firstly, there was a significant rise in single parenthood, with lone parents with dependent children rising from 3 per cent of all households in 1971 to 6 per cent in 1991 (it now stands at 7 per cent)³². This may have been particularly important for explaining rises in child poverty but the critical factor seems to have been not the increase in single parenthood per se, but to the second changed risk - the fact that many more children were living in households in which nobody was in work, with employment rates amongst lone parent families falling.

The rise in workless single parent households was accompanied by an increase in couple households with children in which nobody worked, as rising female employment and falling male employment during the 1980s seemed to concentrate households into 'work rich' and 'work poor' families (rather than these trends being evenly distributed across all households). In a 1999 paper looking at child poverty rates between 1968 and 1996, Gregg, Harkness and Machin concluded that:

“Very high rates of worklessness among single-parent families were the most important factor behind the high levels of poverty among children in these families. Indeed, the rise of the workless household contributes substantially to the overall rise in child poverty... By 1995–96, a huge 54 per cent (or about 2.3 million) of poor children lived in workless households.”³³

At the same time however, risks of poverty for children in households where all parents were working were also on the rise³⁴. Earnings inequality widened rapidly during the 1980s, as a 2002 IFS paper puts it:

“The gap between the highest- and lowest-paid subsequently fell gently over much of the 1970s, but then grew rapidly at the end of the 1970s and over the 1980s and 1990s. During this time, the wages of the lowest-paid workers grew barely at all in real terms, in contrast to the substantial earnings growth seen at the middle and top of the earnings scale.”³⁵

This reflected an increasing wage premium for skills, the reasons for which remain contested³⁶, the declining power of trade unions and the abolition of Wages Councils which had formerly set the pay of around 10 per cent of the labour market³⁷.

The risk of poverty therefore significantly increased at the same time as the adequacy of the response to poverty was declining. It's important not to see these as unrelated factors however. John Hills points out that as spending on unemployment went up, the potential for spending on increasing the generosity of benefits was restrained.

To a certain extent this vicious circle was replaced by a virtuous one from the late 1990s, when we saw the beginning of a reversal of the rise in poverty rates. For families with children at least, a rise in employment rates – most dramatically for lone parents, where the employment rate rose by 14 percentage points between 1997 and 2010 – helped enable additional spending on children with significant and substantial effects. Child poverty in 2010/11 fell to its lowest level since the 1980s, and although the Government failed to meet its target to halve child poverty by 2010, 800,000 fewer children were in poverty in 2010/11 than in 1998/99³⁸.

Pensioner poverty also fell significantly by 1.1 million over this period, again driven by significant additional spending in this area. Overall falls in poverty across the population however were lower, with poverty amongst the overall population falling by just 200,000 between 98/99 and 10/11, as the falls in pensioner and child poverty were offset by increases in the poverty risk for working age adults without children.

Chart 3 clearly shows the dramatic decreases in the risk of poverty for single parents and single pensioners. It also shows however, that while the risk of poverty for couples with children fell, this decline was less dramatic and the risk of poverty for both couples and singles without children increased.

Chart 4 shows that the risk of poverty for those out of work was falling, while the risk of poverty for those in work increased slightly.

Chart 3: The change in the poverty risk for different types of family.

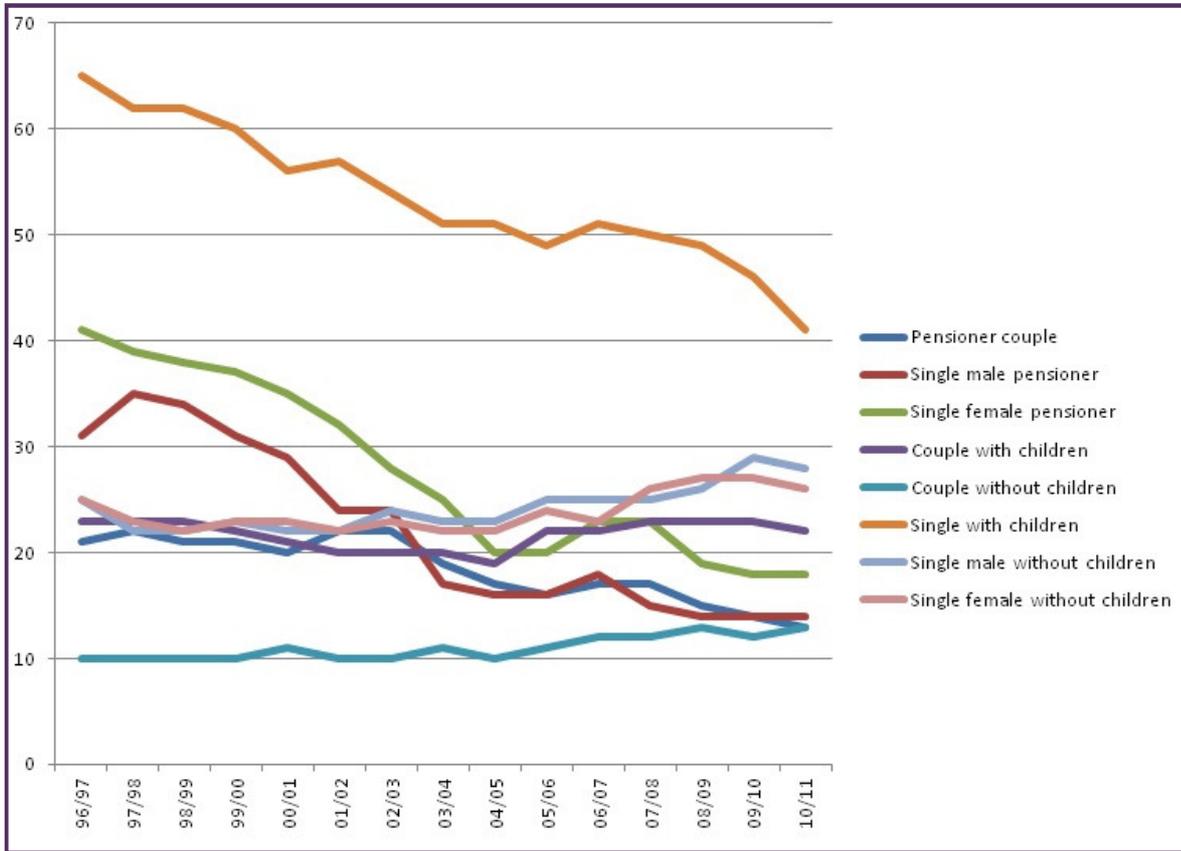
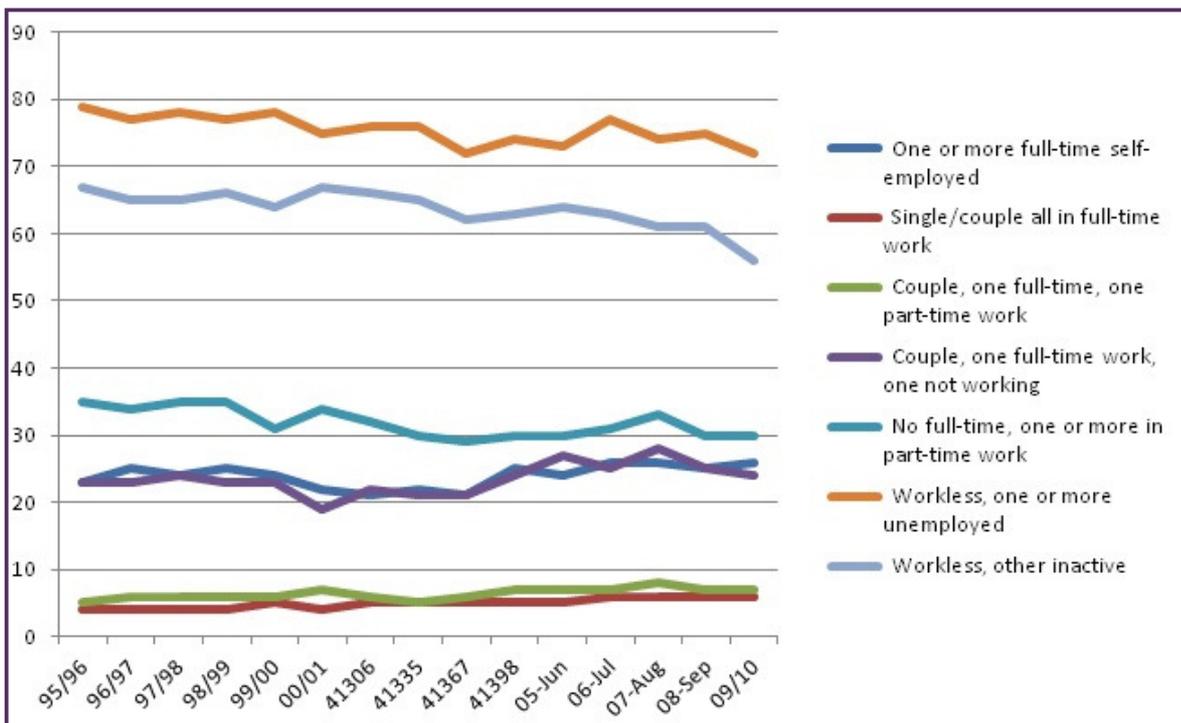


Chart 4: Poverty rates across the whole population by working status (AHC).



The risk of poverty for those in full time work increased by two percentage points for those single people or couples working full time hours and the risk for one earner couples increased by one percentage point over the whole period. Looking at the increase in poverty for adults without children between 1996/97 and 2007/08, the IFS found that:

- ***“Increased employment amongst couples was offset by increased worklessness amongst single adults, meaning that compositional shifts had very little effect, overall, on the rate of relative poverty for working-age adults without children.***
- ***On the other hand, the incidence effects acted to increase relative poverty overall, because most of the family types saw a rising risk of relative poverty over the period. The most important of these were the rise in the risk of poverty for couples with one adult not working and the other working full time and the increase in the risk of poverty for single individuals working full time.”³⁹***

This suggests that two factors were driving changes in poverty rates under Labour. On the one hand, the response to the higher risk of poverty experienced by families with children and by pensioners dramatically improved, with more adequate benefits significantly increasing reducing poverty among these groups. At the same time, the risk of being in poverty and in work increased – albeit slowly.

While the obvious culprit for the increased risk of in-work poverty would seem to be an increase in low pay, it’s not totally clear that this is the case. Analysis by the Resolution Foundation shows that the introduction of the National Minimum Wage helped reduce wage inequality in the bottom half of the labour market. The proportion of individuals paid below two thirds of the median wage has remained constant since the mid 1990s and the proportion of those paid below half the minimum wage has declined significantly⁴⁰, although these changes were not enough to reverse the huge growth in low pay witnessed in the 1980s.

One potential factor may be increased housing costs. Recent research by the JRF finds that ‘housing costs induced poverty’ has been increasing over the last two decades⁴¹. Although comparing the ‘before housing costs’ and ‘after housing costs’ measures of poverty doesn’t tell us directly about the impact of housing costs on total income, looked at before housing costs, the rises in in-work poverty rates are less significant⁴².

What can we conclude from this brief survey of poverty rates in Britain?

Perhaps the most important implication is that policy matters. During the 1980s increased risks of poverty, caused by both increasing household unemployment and an increase in wage inequality, were met by a benefit system that was becoming less effective at dealing with these risks. From the late 1990s onwards, at least one of these risks, the risk of unemployment, began to decline, and the rise in low pay was (at least in part) offset by the introduction of the National Minimum Wage. But most importantly for the falls in poverty, the adequacy of (some) benefits was dramatically increased. A different question is whether these were the most effective policy instruments to use to achieve these goals. The next chapter turns to international evidence to look at what it says about the design of anti-poverty policies.

Explaining poverty: Cross national comparisons

The previous chapter looked at the British context in an attempt to examine the factors that have led to variations in poverty rates over time. This chapter briefly reviews the international evidence to look at how poverty rates vary between nations – and the policy instruments that those that are effective use to obtain low rates of poverty. It focuses mainly on child poverty, where there have been a number of recent international comparisons.

David Brady argues that the reasons for cross national variation in poverty rates are fairly simple. Left wing political alliances help to build support for greater welfare state generosity, which in turn helps both to reduce the risk of poverty, and redress poverty where it does arise. Brady's index of 'welfare state generosity' includes social welfare expenditures – the overall proportion of GDP spent on both cash transfers and services; social security expenditure – cash transfers only; decommodification – broadly a measure of how many people are protected by social security and the generosity of this protection; public health spending – as a proportion of all health spending; government expenditure overall; and public employment – as a proportion of all employment. Using data from 17 countries in the late 1990s and early 2000s, he finds that all of these variables except public employment have a significant impact on reducing poverty⁴³.

UNICEF's report card 10 on child poverty, published in 2012, similarly concludes that you get the child poverty "level you pay for" and shows a strong relationship between the percentage of GDP that each country spends on cash transfers, tax breaks and services for children and families and their rate of child poverty⁴⁴. The report shows that there is nothing inevitable about high child poverty rates, with these varying widely across the countries surveyed:

"The top five positions in the league table are occupied by Iceland, Finland, Cyprus, the Netherlands and Norway (with Slovenia and Denmark close behind). All of these countries have relative child poverty rates below 7%. Another eight countries including two of the largest – Germany and France – have rates between 7% and 10%. A third group, including Australia, Canada, New Zealand and the United Kingdom, post rates of between 10% and 15%. A further six, including populous Italy

and Spain, show rates of between 15% and 20%. In only two countries are more than 20% of children living in relative poverty – Romania and the United States.”⁴⁵

It's worth noting at this point that the UK is now seen as a high spender – and that the reductions in child poverty rates noted in the previous chapter are some of the best achieved during this period. The OECD's 2011 Doing Better for Families report⁴⁶ for the UK finds that:

“In 2007 the UK spent more on children than most OECD countries, at just over 138,000 pounds sterling per child from birth up to the age of 18, compared to an OECD average of just under 95,000 pounds.”

“Before the financial crisis, and during a period of increased investment (1995 to 2005), child poverty in the UK fell more than in any other OECD country...in the same period the growth in average family income was third highest in the OECD.”

Are variations in child poverty then just about spending levels?

Two reports comparing child poverty levels across firstly the EU, and secondly the OECD, come to very similar conclusions - spending matters. But the initial risks of poverty before the welfare state steps in, that is the levels of employment and in work poverty, also make a difference. Looking at child poverty for the European Union in 2010, the Tarki Social Research Institute conclude that countries with good child poverty outcomes have a:

“combination of three main factors: high labour-market participation of parents, low in-work poverty and effective income support. This group includes the Nordic countries, France, Cyprus, the Netherlands, Austria and Slovenia.”⁴⁷

Peter Whiteford and Willem Adema attempted to answer the question - what works best in reducing child poverty, a benefit or work strategy - by comparing OECD data in 2006. Again they found that the answer was a bit of both:

“To generalise, all countries with very low levels of child poverty (under 5%) also have relatively low levels of joblessness (except Norway, where joblessness is only just above the OECD average) and relatively low market income poverty, together with tax and transfer systems that are very effective at further reducing child

poverty, usually through high levels of spending rather than through targeting. But not all countries with low joblessness have low poverty. Countries that have relatively high levels of child poverty appear mainly to have very high levels of poverty among working families, and tax and benefit systems that are not effective in reducing it.⁴⁸

Whiteford and Adema highlight the fact that systems that are effective at targeting child poverty in general utilize universal rather than targeted benefits. In what is sometimes known as the ‘paradox of redistribution’, it seems that more universal systems are better at preventing poverty than those which involve more redistribution⁴⁹. A recent paper by Yannis Dafermos and Christos Papatheodorou comparing poverty and inequality within the whole population across the EU likewise finds that:

“social protection systems that are based on targeted and means-testing social provisions are less effective in utilising social spending to reduce poverty and inequality, as well as in maximising the distributive effect of economic growth and employment.”⁵⁰

This paper finds that when it comes to explaining variations in poverty across the whole population within the EU, while GDP is a significant factor, overall employment rates do not play a part. This isn’t necessarily incompatible with the idea that parental employment rates do matter. Countries with a similar employment rate could see the share of employment distributed very differently; countries with a high employment rate but in which parents are unable to work could see a high rate of child poverty and vice versa. What’s more, Dafermos and Papatheodorou conclude that high employment rates enable spending on effective social protection systems.

The consensus from the international literature therefore appears clear - if you want to reduce (child) poverty, you need to increase (parental) employment across all income groups, increase spending on benefits, and direct this towards universal provision. The next chapter discusses whether this is in any way politically possible.

The politics of poverty

“Freedom from want cannot be forced on a democracy or given to a democracy. It must be won by them.”

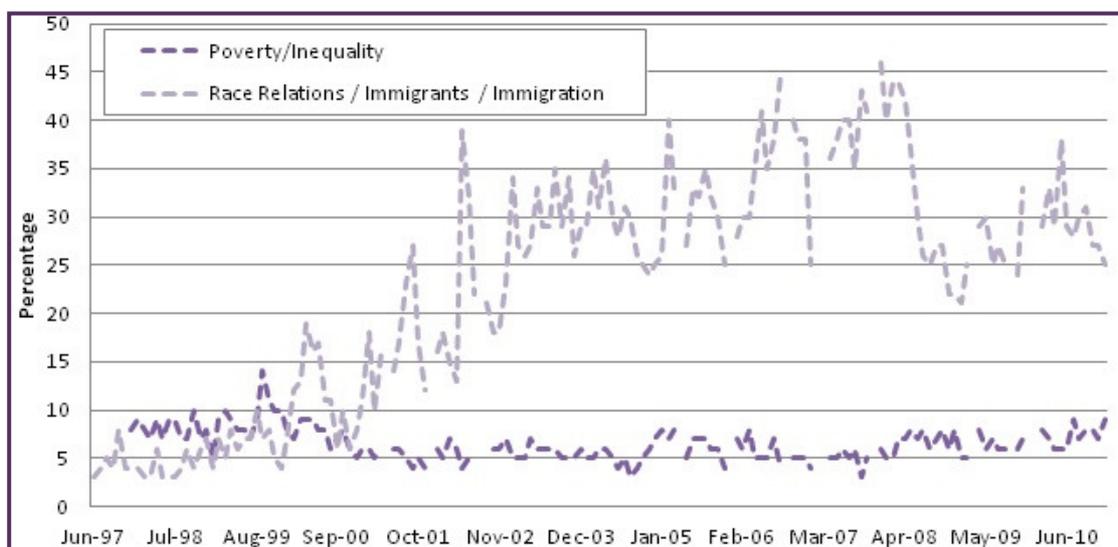
William Beveridge (1942)⁵¹

The message from the previous two chapters suggests that tackling poverty costs money. The periods or countries in which poverty has reduced have been those in which spending was rising, coupled with employment levels which ensure that that spending is sustainable. In the midst of a prolonged recession this message does not appear exactly timely. True as it is that the Beveridge Report was implemented in a time of considerable austerity, it's not clear that the enthusiasm which greeted that report's publication⁵² is as yet overflowing for any similarly renewed effort to tackle poverty. This chapter briefly reviews the evidence on public attitudes to poverty in an effort to think about the type of policies which might be capable of gaining the political support necessary to implement them.

Jason Strelitz and I have previously argued that the significant success in reducing child poverty over the last decade was accompanied by a substantial failure to embed the necessity of doing so within the public consciousness. Chart 5, reproduced from Decent Childhoods⁵³ shows the Mori Issues Index. This tracks the issues which people in Britain say are the most important facing the country, showing the proportion citing poverty and inequality compared to two other issues for example the environment and race relations / immigration. As we said in Decent Childhoods:

“Poverty/Inequality is a concern, but at a low level and remains broadly stable, impervious to policy announcements, campaigning activities, and even to the recent recession. There is no evidence of the Child Poverty campaign making a mark. Moreover these figures include inequality, and peoples concern with the issues such as banker's pay, as well as poverty... Over the same period, race relations and immigration went from a similar position in the public's mind to becoming a 'doorstep' political issue.”

Chart 5: The most important issues facing Britain today.



Source: Mori Issue Index

We argued that the term ‘poverty’ potentially alienated sympathisers, defining a separate, and inevitably stigmatised group of ‘the poor’ rather than presenting poverty and low income as a risk that is relatively widely experienced.

What’s more, not only does poverty barely register on the public consciousness as an important issue, support for the tools to tackle it seems also to be on the decline. The latest British Social Attitudes survey shows a long term decline in the support for redistribution:

“Before Labour came to power in 1997, the proportion agreeing with the view that ‘government should redistribute income from the better-off to those who are less well-off’ consistently remained well above 40 per cent, even hovering around 50 per cent during the recession of the early 1990s. But from 1998 onwards only once has the figure been higher than 40 per cent, with 37 per cent agreeing in 2011 (Figure 0.3). While that is higher than the levels seen between 2004–2007, there’s little sign here that the advent of recession – or even the public disquiet about the amounts of money paid to corporate chief executives (not least those in charge of some of Britain’s banks) – has rekindled support for a more redistributive state to the levels that existed last time a Conservative Prime Minister occupied 10 Downing Street.”⁵⁴

When it comes to investment in social security, public attitudes are even more negative. Only 21 per cent believe that ‘government should spend more on welfare benefits even if it leads to higher taxes’, compared to 58 per cent in 1991 during the previous recession. And while a majority still support additional spending on specific benefits - for example, those paid to carers and to the disabled - support for spending on these groups has been falling since 1997, with significant falls in the level of support for both disabled people and for working parents on low incomes since 2008.

Table 2: Attitudes to government spending on different benefits, 1998-2011.

% would like to see more government spending on benefits for ...	1998	1999	2002	2004	2006	2008	2011
Unemployed people	22	25	22	15	16	15	15
Disabled people who cannot work	74	74	72	65	64	63	53
Parents who work on very low incomes	70	71	71	64	68	69	58
Single parents	35	34	40	36	39	38	29
Retired people	73	71	74	74	73	73	57
People who care for those who are sick or disabled	84	84	84	82	84	85	75
Weighted base	3146	3143	3435	3199	3228	3333	3311
Unweighted base	3146	3143	3435	3199	3240	3258	3311

Source: British Social Attitudes 29th Report (2012).

Looking at this data, one response might be to suggest that anti-poverty measures which increase the level of services rather than of direct financial support may be more popular. However, it’s not clear that public opinion is currently supportive of this option either. In a recent paper for Policy Network, Patrick Diamond and Guy Lodge make the case for the ‘social investment’ model embodied in the Nordic countries, suggesting that such states are better placed to manage new social risks such as parenthood, and to support female employment. However, using YouGov data from Britain, Denmark and France, they find that:

“public support for shifting further towards ‘service oriented’ models of welfare capitalism in Europe is currently weak. At present voters do not appear to support a shift in the orientation of the welfare state from ‘old’ to ‘new’ social risks. This is especially true of Britain where voters rank reductions in maternity and paternity

leave (26 per cent), child benefit (23 per cent), and pre-school provision (19 per cent) as more legitimate than many other areas of welfare provision.”⁵⁵

Research in 2012 for the Fabians confirmed that those wishing to make the case for investment in services have an uphill struggle:

“across early years, colleges and universities, and job programmes, for every two people who supported spending rises, three supported cuts. When it comes to subsidised housing, a top priority for many on the left, the results were even worse: twice as many people want cuts as increases.”⁵⁶

Does this mean we should simply give up on attempting to gain political support for policies to tackle poverty? If poverty is important then that’s not really an option. What’s more the apparent impasse between the policies needed to tackle poverty, and those that the public support is only truly impassable if we think that public attitudes are fixed. Without underestimating the scale of the challenge in convincing the public of the need for additional expenditure, whether on services or benefits to tackle poverty, there are reasons to think it may be possible.

First, there are some signs that the public are beginning to change their mind about the need for overall spending cuts. The British Social Attitudes report found that:

“In 2011, the proportion calling for an increase in taxation and spending rose for the first time in nine years – up five points to 36 per cent – while 55 per cent would like to see spending levels stay as they are. This is a modest increase, but it could well be the first sign of a reaction against the public spending reductions that the government has begun to implement, and which are set to accumulate between now and 2017.”⁵⁴

A recent ComRes poll for ITV found a majority supporting additional spending on welfare; with 43 per cent supporting an increase in expenditure, against 29 per cent arguing for the status quo, and 27 per cent for a decrease⁵⁷. At present, we have had most of the rhetoric about the need for spending cuts, and particularly for cuts in benefits, but only a small proportion of the impact. Only around a third of cuts will have been implemented by April 2013. It’s possible that as the impacts of these cuts are felt, support for them will further decline.

Secondly, it seems that public opinion is responsive to political rhetoric. In research on the stigma attached to claiming benefits, Ben Baumberg, Declan Gaffney and I found that over time, benefit recipients in the UK have come to be seen as less deserving and less entitled to financial support⁵⁸. We argue that this in part reflects a rise in coverage using these terms within the media. Our analysis of coverage of benefits in national newspapers from 1995 to 2011 found that while newspapers contain both positive and negative representations of claimants, the content of press stories is skewed towards negative representations, with a particular focus on fraud. The amount of coverage referencing fraud ranges from 39 to 21 per cent across newspapers, compared to the 0.7 per cent of benefit expenditure that goes on fraudulent claims. But this coverage doesn't come from nowhere. Although tabloids publish a lot of stories about individual cases of benefit fraud based on prosecutions, the main source for stories about fraud is the policy process – statements from government and opposition parties, parliamentary committees and organisations.

Government rhetoric around those claiming benefits considerably hardened over this period, in part in response to the perception of increasing scepticism about support for the welfare state. As the data set out above suggests, fighting scepticism with get tough measures appears to be a losing strategy. Telling people that you are *“toughening our regime to deter more people from committing benefit fraud”* and that *“being on benefits should not be a way of life”*⁵⁹ appears to do more to reinforce existing beliefs about the benefit system than it does to convince people that you are reforming it. The idea of a rhetorical vicious circle, the more you talk about getting tough on benefit claimants, the more that people think that this toughness is required, is also suggested by American research on the impact of the so-called end to welfare as we know it pursued by the Clinton administration in the 1990s. This found that the reforms failed to secure greater credibility for the system, or indeed electoral gains for the Democrats⁶⁰.

But if political rhetoric can make a difference, it's possible to argue that a more positive story about the need to tackle poverty and the policies that might achieve that, could also be sold. One faint reason to be cheerful is that no politician in the last ten years has really tried to make this case. The next chapter concludes by attempting to look at what a politically plausible agenda for ending poverty might look like.

Conclusion: How should we tackle poverty today?

American communications specialists published a guide to talking about poverty in 2007⁶¹. Of course this is in the context of a widely different welfare state, with an even greater scepticism towards the efficacy of social security than our own, and published prior to the economic crisis. But their messages do seem to resonate. Top of their list of don'ts was talking about poverty:

“When we talk about poverty (or worse, “welfare”)—no matter what we say or how compelling our “facts”—it goes into a box that most people associate with negative stereotypes.”

Instead, they recommend that anti-poverty campaigners: “change the frame from ‘sympathy’ for the poor to the economy and jobs”; “focus on solutions, not problems” “don’t make the story about an individual” and ensure that messages imply that “it’s not about them, but about all of us”. We shouldn’t confuse communications with policy. But for once, the policy implications arising from the current situation and the messages that might resonate with the public appear to be moving in the same direction. We’ve seen in the data presented in the report that:

- The largest group of those in poverty are in employment, and although in many cases in-work poverty relates to low hours of work rather than low pay, poverty amongst those working fulltime has been rising.
- Increasing parental employment, including increasing the number of dual earning couples, is critical to tackling child poverty. Increasing overall employment is necessary in order to ensure that an anti-poverty strategy can be paid for.
- Effective strategies to tackle poverty require policies targeted at the majority – at all of us rather than at the poor. International comparisons suggest that universal social security systems are more effective than targeted ones.
- Policy does make a difference - we saw poverty rates fall dramatically amongst pensioners and children in the last decade.

This suggests that a policy agenda focused on increasing parental employment, tackling in-work poverty, and increasing universal benefits could be not only effective in policy terms, but also politically feasible.

What might this policy agenda involve?

As most political parties appear to have grasped, the high cost of childcare in the UK is a critical barrier to maternal employment and seems a key contributor to our low overall parental employment rate in international terms⁶², despite the significant increases in lone parent employment seen in the last decade. While moving towards Nordic levels of childcare provision is clearly a long term project, one place to start might be to investigate the potential to provide greater before and after school provision. This may be cheaper than creating additional childcare places for younger children due to utilizing existing premises, and would significantly increase the prospects for parents of older children of being able to fit in employment around the school day.

Elsewhere Declan Gaffney and I have suggested that a modest improvement to help parents manage employment would be the introduction of a payment during the existing 13 weeks of leave that parents are entitled to⁶³. We suggest that entitlement to this payment could be based on previous periods of contribution – meaning that it would function not only as something enabling a better work-life balance for new parents but also as recognition of previous employment. This is a small step to enabling parents to better balance work and family life; but it could be a step that indicates a direction of travel towards an agenda that not only rewards employment, but recognizes that in order for more parents to take up paid jobs the workplace also needs to change.

Increasing parental employment is a strategy for tackling some in-work poverty. For parents, poverty risks are significantly reduced where there are one and a half earners compared to just one - from 29 to 7 per cent (AHC)⁶⁴. But as the figures above show, the risk of poverty for single adults working fulltime also increased over this period. This report is not the place to discuss the dilemma of falling wages at the bottom and middle of the income distribution, an issue discussed extensively by,

among others, The Resolution Foundation⁶⁵. But one issue highlighted here is the possible contribution of housing costs to the rise in in-work poverty. And while this report makes the case for more universal forms of support, it is also clear that the continued prevalence of low wages means that tax credits will continue to play an important role. As Nicola Smith of the TUC has argued, “*the answers [to the problem of low wages] are complex – and even as we progress tax credits will continue to have a vital role to play in boosting family incomes*”⁶⁶.

What are the prospects for increasing direct financial support to families?

The Policy Network report makes clear that the cut in Child Benefit has significant support, with 23 per cent supporting a reduction in its funding, in favour of other priorities. But Child Benefit has at least two significant advantages that suggest that in terms of additional spending for children, this should be a priority.

Firstly, its universal nature means there is no trade-off between an anti-poverty strategy and a strategy to increase work incentives - a trade-off often highlighted by those who wish to argue that the only way to reduce poverty is to increase the latter⁶⁷.

Secondly, increases in Child Benefit avoid any depiction of the policy as one that targets particular groups –therefore raising questions about their need for support. Although there is a genuine dilemma about whether any additional spending should be concentrated on the poorest, in the long term, further targeting seems like a counterproductive strategy. And while Child Tax Credit and the strategy of progressive universalism, to some extent escaped this dilemma⁶⁸, the restriction of Universal Credit to a narrower income spectrum, and that of Child Benefit itself to those below the higher tax rate, suggests that the latter should have the first call on additional expenditure.

What about benefits beyond children?

No out of work benefit is universal – they respond to a time bound situation in which earning is constrained, rather than to a situation that imposes additional costs (such as children or the costs of disability). The tightening of eligibility conditions for benefits over the last ten years do seem to have been accompanied by a decline in

economic inactivity, although it's notable that much of the dramatic increase in lone parent employment took place before the introduction of conditionality for this group⁶⁹. The IFS have also suggested that the lower than expected increase in unemployment during the recession is also because job search conditions attached to these benefits have increased⁷⁰. But we now have an extremely active job search regime and it's hard to see how further requirements of those claiming benefits could make a difference.

There's been significant interest in the idea of a more contributory system for out of work benefits in general⁷¹. While in the long term, a move towards a more continental style earnings based system might lock in the higher levels of public support that those systems enjoy, designing reforms with this aim alone seems to be solving the wrong problem. The lack of support for social security seems to be linked less to the design of the system itself, and more to the rhetoric that has surrounded that redesign. In the short term, talking less about out of work benefits as a problem and more about the factors that stop people contributing – a lack of jobs, the lack of childcare, continued prejudice against black and minority ethnic claimants⁷², and our failure to come up with an approach for how and when disabled people should be engaged in paid employment might be a better strategy than focusing on the contribution conditions of benefits themselves. Perhaps the first priority for out of work benefits should be to ensure that they fall no further behind the cost of living, introducing a more rational uprating policy⁷³.

The above paragraphs could probably have been written at any time in the past five years. The most significant factor for poverty in the next five is likely to be the impact of the significant across the board cuts to social security imposed by the current Government, £18bn to date, with a further £2280m projected to be stripped out of the social security budget between 2013/14 and 2015/16 by the decision to uprate benefits by one per cent rather than by any measure of inflation⁷⁴. The IFS find that:

- The direct impact of the current government's announced reforms to personal tax and benefit policy will be to increase relative poverty among children by 200,000 in both 2015/16 and 2020/21 and among working-age adults by 200,000 and 400,000 in 2015/16 and 2020/21 respectively.

-
- Universal Credit should reduce poverty substantially, but the poverty-increasing effect of other government changes to personal taxes and state benefits will more than offset this.

Should an anti-poverty strategy simply focus on opposing ‘the cuts’?

The problem with this in terms of communicating such a strategy is that it risks reinforcing many of the views that have seen support for levels of redistribution or spending on social security fall so dramatically - that people claiming benefits are dependent on this support; that this is a problem affecting a particular group of people rather than the majority; and that the solutions to poverty lie in additional targeted spending of this sort. This doesn't mean that the cuts shouldn't be opposed, or their impacts on individuals highlighted. But perhaps this should be seen as a separate task from that of designing and communicating a strategy to tackle poverty; a strategy that needs to show how this is a problem that could affect anyone, and one where the solutions will have wide benefits.

If poverty matters because it takes away people's autonomy, treats them differently, and damages their futures, we need to think not only about the policies that will reduce the number of people who experience those risks but about the way those policies are communicated. A strategy that focuses on increasing the prospects for employment, reducing the costs of work (perhaps focusing on reducing the costs of housing), and increasing support for all children, looks more likely to meet those goals than one that singles out 'the poor' for particular treatment.

We know that policies that set out to reduce poverty can do just that. The key task now is to make the case for a renewed attack on Want.

Notes

¹ **William Beveridge** (1942) *Social Insurance and Allied Services Cmd 6404*. The BBC have placed a copy of the report online at http://news.bbc.co.uk/1/shared/bsp/hi/pdfs/19_07_05_beveridge.pdf

² **DWP** (2012) *Households Below Average Income: An analysis of the income distribution 1994/95 – 2010/11*.

³ **David Brady** (2009) *Rich Democracies, Poor People: How politics explains poverty*, Oxford University Press.

⁴ **DWP** (2012) *Households Below Average Income: An analysis of the income distribution 1994/95 – 2010/11*.

⁵ **British Social Attitudes** (2012) *29th Report*. Key findings are online at <http://www.bsa-29.natcen.ac.uk/read-the-report/key-findings/introduction.aspx>

⁶ See for example, the OECD's 'Better Life' index at <http://www.oecdbetterlifeindex.org> although this also places the US and Australia, countries with less generous welfare states, near the top of wellbeing rankings.

⁷ **William Beveridge** (1942) *Social Insurance and Allied Services Cmd 6404*.

⁸ **Nicholas Timmins** (1995) *The Five Giants: A Biography of the Welfare State*, Harper Collins.

⁹ **The Times** (1 July 1940) cited in Timmins (1995) p 35.

¹⁰ See <http://www.notthetresuryview.blogspot.co.uk/2012/04/recessions-and-recoveries-historical.html>

¹¹ **Juliette Jowitt**, *The Guardian* (13 January 2013) 'Downing street: high benefits mean food banks should not be needed' <http://www.guardian.co.uk/society/2013/jan/30/downing-street-benefits-food-banks>

¹² See <http://media.education.gov.uk/assets/files/pdf/m/measuring%20child%20poverty%20consultation%20document%20final.pdf>

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