Understanding Poverty

Also by Pete Alcock

SOCIAL POLICY IN BRITAIN: Themes and Issues
POVERTY AND STATE SUPPORT
WELFARE LAW AND ORDER (*with Phil Harris*)

Understanding Poverty

Second Edition

Pete Alcock

Consultant Editor: Jo Campling

palgrave

© Pete Alcock 1993, 1997

All rights reserved. No reproduction, copy or transmission of this publication may be made without written permission.

No paragraph of this publication may be reproduced, copied or transmitted save with written permission or in accordance with the provisions of the Copyright, Designs and Patents Act 1988, or under the terms of any licence permitting limited copying issued by the Copyright Licensing Agency, 90 Tottenham Court Road, London W1P 0LP.

Any person who does any unauthorised act in relation to this publication may be liable to criminal prosecution and civil claims for damages.

The author has asserted his right to be identified as the author of this work in accordance with the Copyright, Designs and Patents Act 1988.

First edition 1993

Reprinted 1993, 1994, 1996

Second edition 1997

Published by

PALGRAVE

Houndmills, Basingstoke, Hampshire RG21 6XS and

175 Fifth Avenue, New York, N. Y. 10010

Companies and representatives throughout the world

PALGRAVE is the new global academic imprint of

St. Martin's Press LLC Scholarly and Reference Division and

Palgrave Publishers Ltd (formerly Macmillan Press Ltd).

ISBN 978-0-333-69280-6 ISBN 978-1-349-25666-2 (eBook)

DOI 10.1007/978-1-349-25666-2

This book is printed on paper suitable for recycling and made from fully managed and sustained forest sources.

A catalogue record for this book is available from the British Library.

10 9 8 7 6
06 05 04 03 02 01

Copy-edited and typeset by Povey-Edmondson
Okehampton and Rochdale, England

For Dan and Tom
Chris and Anna

Contents

<i>List of Figures and Tables</i>	xi
<i>List of Abbreviations</i>	xii
<i>Preface to the First Edition</i>	xiv
<i>Preface to the Second Edition and Acknowledgements</i>	xvi

PART I THE CONTEXT OF POVERTY

1 What is Poverty?	3
Is Poverty a Problem?	3
Identifying Poverty	6
The History of Poverty	9
The Extent of Poverty	13
2 The Poor and the Underclass	19
Ideologies of Poverty	19
Who is Poor?	23
The Underclass	27
The Legacy of Pathology	29
Cultural Divisions and the Poor	32
3 The Causes of Poverty	36
The Dynamics of Deprivation	36
Pathological Causes	37
Structural Causes	39
Ideological Perspectives	43
4 Poverty in Europe and Beyond	48
International Comparisons	48
Poverty in Europe	50
European Antipoverty Policy	56
Britain in Europe	61

PART II DEFINITION AND MEASUREMENT

5	Defining Poverty	67
	The Need for Definition	67
	Absolute and Relative Poverty	70
	Budget Standards	74
	Income Proxy Measures	77
	Deprivation Indicators	79
	Towards a Democratic Definition	83
6	Deprivation and Social Exclusion	85
	Relative Deprivation	85
	Deprivation at Home and Work	88
	Social Exclusion	92
	Social Polarisation	96
7	Households and Poverty Dynamics	99
	Individuals and Households	99
	Household Size and Structure	100
	Equivalence Scales	103
	Intrahousehold Transfers	104
	Poverty Dynamics	107
	Life Cycle Changes	110
8	Measuring Poverty	114
	The Problem of Measurement	114
	Quantitative Measures	116
	Measuring Inequality	122
	Qualitative Analysis	126

PART III SOCIAL DIVISIONS AND POVERTY

9	Gender and Poverty	133
	The Feminisation of Poverty	133
	Employment and Low Pay	137
	Social Security	141
	The Costs of Caring	145
	Dependency	148
10	Racism and Poverty	151
	Racism and Ethnic Minority Inequality	151

Employment, Unemployment and Race	156
Racism and the Benefits System	157
Racism and Social Exclusion	162
11 Ageing and Poverty	165
Poverty and Dependency in Old Age	165
Retirement	168
Pensions	171
The Social Construction of Dependency	177
12 Disability and Poverty	181
The Costs of Disability	181
Exclusion from Work	184
Benefits and Dependency	186
Poverty for Carers	190
Reproducing Deprivation in Disability	192
 PART IV THE POLICY FRAMEWORK	
13 The Politics of Poverty	197
The Arithmetic Tradition	197
The Poverty Lobby	201
Campaigning by the Poor	205
14 Social Security Policy	210
The Principles of Social Security	210
The Development of State Support	213
Social Insurance	217
Social Assistance	221
Universal Benefits	225
Problems with Benefits	227
Alternative Models for Social Security	230
15 Targeted Antipoverty Strategies	236
Pockets of Poverty	236
The War on Poverty	238
Government Antipoverty Initiatives	240
Welfare Rights	243
Local Antipoverty Strategies	247
Missing Targets	249

16	Poverty, Inequality and Welfare	252
	The Problem of Poverty	252
	The Strategy of Equality	255
	The Strategy of Inequality	258
	Welfare State and Welfare Capitalism	261
	 <i>References</i>	 266
	 <i>Index</i>	 283

List of Figures and Tables

Figures

1.1	Shares of disposable income, 1977–93	16
2.1	Individuals below half average income, 1961–91, by economic status	25
4.1	The distribution of poverty in Europe	54
5.1	The Engel curve	77
5.2	Inflection points on the Engel curve	78
5.3	Deprivation by logarithm of income as a percentage of SB rates	81
7.1	Income over the life cycle	107
8.1	Pen's 'Parade of Dwarfs'	123
8.2	The Lorenz curve	123
8.3	Intersecting Lorenz curves	125

Table

1.1	Rises in real income between 1979 and 1992/93 (including the self-employed)	17
-----	---	----

List of Abbreviations

AA	Attendance Allowance
CAB	Citizens' Advice Bureau
CB	Child Benefit
CDP	Community Development Project
CPAG	Child Poverty Action Group
DHSS	Department of Health and Social Security
DIG	Disablement Income Group
DLA	Disability Living Allowance
DSS	Department of Social Security
DWA	Disability Working Allowance
EAPN	European Antipoverty Network
EC	European Commission
EPA	Educational priority area
ERDF	European Regional Development Fund
ERM	Exchange rate mechanism
ESF	European Social Fund
EU	European Union
FC	Family Credit
FES	Family Expenditure Survey
FIS	Family Income Supplement
GLC	Greater London Council
HB	Housing Benefit
HBAI	Households below average incomes
ICA	Invalid Care Allowance
IEA	Institute of Economic Affairs
IFS	Institute for Fiscal Studies
IS	Income Support
LIF	Low income families
LIS	Luxembourg Income Study
LSE	London School of Economics
MA	Mobility Allowance
MSC	Manpower Services Commission
NA	National Assistance
NAB	National Assistance Board
NACAB	National Association of Citizens' Advice Bureaux
NCIP	Non-Contributory Invalidity Pension

NI	National Insurance
OECD	Organisation for Economic Co-operation and Development
OEO	Office of Economic Opportunity
OPCS	Office of Population Censuses and Surveys
PSI	Policy Studies Institute
SB	Supplementary Benefit
SDA	Severe Disablement Allowance
SERPS	State Earnings Related Pensions Scheme

Preface to the First Edition

What thoughtful rich people call the problem of poverty, thoughtful poor people call with equal justice a problem of riches (R. H. Tawney, 1913).

I set out to write a book about poverty in Britain with Tawney's famous words echoing in my mind. I felt that in one short sentence he had summed up the main issues involved in both the political and the definitional debates on poverty in modern society. After completing the task I had not changed my view on this; and if this book achieves the goals I set for it, it will be by explaining to those who are new to these debates, or to those who wish to revisit them, why Tawney was right eighty years ago and why today we are still struggling to come to terms with the implications of his analysis.

The title of the book expresses these goals. The book is intended as a textbook, providing students of social policy, sociology and related disciplines with an analysis of the various debates that have been conducted in Britain and beyond on the problem of poverty, and of the policies that have been developed in response to these. The book therefore discusses research on poverty carried out in Britain and elsewhere; but it is not a report of research and it is not itself based on any new or original research. As we shall see, especially in Part II, both existing research and the academic and political debates that flow from it involve major contradictions and conflicts of view – most fundamentally over the very meaning of the word poverty itself.

Academics and politicians have not come to an agreement what poverty is or what should be done about it. Indeed they frequently talk at cross purposes about the size and seriousness of the problem. What all are agreed on, however, is that poverty, where it does exist, is a problem, and a problem that requires policy responses to deal with it. This book is a guide to the various ways in which the problem of poverty has been defined and measured, and to the policies that have been developed in attempts to respond to it. It assumes some knowledge of the social science context of the debate on social phenomena, but presumes no prior acquaintance with writing on or research into

poverty and related issues. I hope that the understanding that it provides is accessible and self-explanatory. What it does not provide, of course, is any simple answer to the problem itself – beyond that which is implicit in Tawney's early insights.

I should like to thank a few people who helped in the writing of the book. Saul Becker, at Loughborough, read through a first draft and provided helpful comments and suggestions, some of which I followed. Chris Pond of the Low Pay Unit acted as reader and offered many useful comments. Jo Campling encouraged me to begin a project that I had been thinking about for some time, and helped me to secure the publisher's interest in ensuring that it saw the light of day. Academics writing about poverty are often criticised for talking about the problem rather than doing something about it: writing this has not lessened my commitment to the latter, and I hope it might encourage that commitment in others too.

PETE ALCOCK

Preface to the Second Edition and Acknowledgements

The second edition of this book is the product of significant revision and updating to reflect recent evidence on the developing problem of poverty in Britain and recent policy responses to this. The book has been revised throughout and many new references included. There has also been some restructuring, in particular the discussion of 'the underclass' has been moved alongside other material on the distribution of poverty, and there is a new chapter dealing directly with the causes of poverty. Other major changes include discussion of the now widely recognised and debated problems of social exclusion and social polarisation, a review of the importance of poverty dynamics in the measurement and definition of poverty, and brief coverage of the recent extensions to local antipoverty action in Britain.

New research evidence includes in particular the findings of the various projects involved in the Joseph Rowntree Foundation's Inquiry into Income and Wealth in the early 1990s. What this and other research depressingly confirms is that, in the short period between writing the first edition of this book and revising this for the second edition, the problem of poverty in Britain has continued to worsen rather than improve. It is to be hoped that any future editions might have a more uplifting story to tell.

PETE ALCOCK

The author and publishers wish to thank the following who have kindly given permission to use copyright material: John Hills and the Joseph Rowntree Foundation for Figures 1.1 and 2.1 from J.R. Foundation Inquiry into Income and Wealth, Vol. 2; London School of Economics and Political Science for Figure 4.1 from LSE/Welfare Programme Discussion Paper WSP/16 by A. B. Atkinson; Oxford University Press for Figures 8.2 and 8.3 from *The Economics of Inequality* by A. B. Atkinson, Figures 2.2 and 3.2, 1983.

Every effort has been made to trace all the copyright-holders, but if any have been inadvertently overlooked the publishers will be pleased to make the necessary arrangement at the first opportunity.