Rethinking Poverty

Knight, Barry

Published by Bristol University Press

Knight, Barry.  
Rethinking Poverty: What makes a good society?  
Project MUSE.  muse.jhu.edu/book/80317.

For additional information about this book
https://muse.jhu.edu/book/80317

For content related to this chapter
https://muse.jhu.edu/related_content?type=book&id=2887906
ONE

The narrative on poverty has failed

This chapter examines our understanding of poverty and reviews its history since Beatrice Webb’s 1909 Minority Report.\(^1\) It reaches three main conclusions. First, the language that informed the development of the welfare state has lost its power. Second, the way that organisations working to reduce poverty describe their work may be doing more harm than good. Third, we need to reframe the way we think about poverty.

Language matters

Organisations working to end poverty have come to recognise that the narrative which has informed approaches to poverty since the 1942 Beveridge Report no longer works. So-called ‘expert’ opinion about poverty is out of step with how most people view it.

In January 2016, the Webb Memorial Trust, together with Shelter and Oxfam, convened 25 leading charities to discuss the language of poverty. A consistent refrain was that campaigns to reduce poverty are increasingly falling on deaf ears.\(^2\) Structural explanations of poverty have little resonance because people blame the poor themselves for their plight. Fact-based campaigns to explode the ‘myths of poverty’ reinforce, rather than challenge, stereotypes of people on benefits. The
result is that the public argument is being lost. Writing in the *New Statesman* in October 2016, Justin Watson from Oxfam admitted that charities are getting it wrong:

There is a growing consensus that the narratives used by the third sector, however well-meaning and ‘right’, have been rejected. Take ‘poverty’, a term that is politically divisive, laced with stigma and highly contested, to the point of still having to persuade people that it exists at all in the UK.³

A common strategy for charities and poverty campaigners is to express outrage at injustice. Such a tactic yields little result. For example, in a Trust-supported study, Olivia Bailey, research director at the Fabian Society, found that inequality is a ‘defining feature of our age’, but ‘talking about inequality describes a problem, it doesn’t generate enthusiasm for a solution’.⁴ An earlier Trust publication, *The society we want*, discussed how a constant stream of publications on poverty from respected academics and think tanks did little to solve the problem.⁵ It showed that constant repetition of a problem makes matters worse because people come to believe that the problem is so great that they can play no part in finding a solution.

The Trust brought together 35 community activists from all over the UK for a meeting at the Wilberforce Centre of Slavery and Emancipation in Hull to think about solutions. Their conclusion was:

Tear up the old script. It’s false and harmful. The media uses it to bully the poor and vulnerable, showing them as objects of ridicule or revulsion. The government, meanwhile, seems not just indifferent, but hostile. The solidarity which once bound people to each other has been eroded leaving poor people isolated and anxious. If we are going to change this, we need different ways of communicating. We are too prone to talk just to ourselves. If we carry on doing that, how on earth will we convince others?⁶
This sentiment has been repeated many times during the research. A new framing is necessary to enable all those working to end poverty to speak with one voice, to collaborate rather than to compete, and to enable those directly affected to speak rather than be spoken for.

The Joseph Rowntree Foundation has taken up this challenge by undertaking research with the National Children’s Bureau and FrameWorks Institute, a US-based non-profit that develops effective public discourse about social issues. The goal is to develop a new way of communicating about poverty in the UK based on how the public thinks about poverty, not just what they say. This approach maps the ‘expert story’ onto public understanding, partly by identifying the gaps between the two. The outcome will be a set of communications tools that expand public understanding of poverty.7

**Poverty is ambiguous**

A key challenge is the word ‘poverty’ itself. Despite a voluminous literature on poverty stretching over many centuries, there is little agreement about definition, measurement, causes and solutions.

Let us start with definition. The *Merriam-Webster Dictionary* defines poverty as ‘the state of one who lacks a usual or socially acceptable amount of money or material possessions’. It lists synonyms, including: penury, destitution, indigence, pennilessness, privation, deprivation, impoverishment, neediness, need, want, hardship, impecuniousness, impecuniosity, hand-to-mouth existence, beggary, pauperism, straitened circumstances, meagreness, bankruptcy and insolvency.

**Absolute poverty and relative poverty**

However, the dictionary also points out that poverty ‘may cover a range from extreme want of necessities to an absence of material comforts’. This gives an elasticity to the term that not only reduces its usefulness, but also requires that we distinguish between ‘absolute poverty’ and ‘relative poverty’. Absolute poverty means ‘lack of sufficient resources
with which to meet basic needs’. Relative poverty means ‘low income or resources in relation to the average’. These are very different ideas.

A hundred years ago, the priority for action was absolute poverty. In their introduction to *The prevention of destitution*, Sidney and Beatrice Webb noted:

> We are driven to use the word ‘destitution’ for lack of any better equivalent. We may quote Professor Huxley upon its meaning: ‘It is a condition in which food, warmth and clothing, which are necessary for the mere maintenance of the functions of the body in their normal state, cannot be obtained; in which men, women and children are forced to crowd into dens where decency is abolished, and the most ordinary conditions of healthful existence are impossible of attainment; in which the pleasures within reach are reduced to brutality and drunkenness; in which the pains accumulate at compound interest in the shape of starvation, disease, stunted development and moral degradation; in which the prospect of even steady and honest industry is a life of unsuccessful battling with hunger, rounded by a pauper’s grave’.  

The Webbs’ research showed that, judging by successful applications for parochial relief, more than two million people were destitute in 1911. Given that destitution was concentrated in certain areas, such that there were ‘cities of the poor’, the destitution rate signified ‘a disease at the heart of society’.

Today, while we have not totally abolished destitution among certain groups – most evidently among homeless people, migrant workers and refugees – no campaigner would seriously claim that significant sections of the UK’s population experience the level of destitution described by the Webbs. Indeed, a 2009 report by the Joseph Rowntree Foundation notes: ‘When we talk about poverty in the UK today we rarely mean malnutrition or the levels of squalor of previous centuries or even the hardships of the 1930s before the advent of the welfare state.’
Most expert opinion is now driven by the idea of relative poverty. This occurs when people’s standard of living is much lower than the general standard in the country or region in which they live so that they struggle to live a normal life and to participate in ordinary economic, social and cultural activities. While the concept of relative poverty was understood by the Webbs, the first serious study was undertaken by W.G. Runciman in 1966. Peter Townsend developed the idea by using 60 indicators of the population’s ‘style of living’ for a 1968–69 survey of living standards in the UK. According to Townsend:

Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong.

This definition forms the basis of much poverty research today. Joanna Mack and Stewart Lansley used it to pioneer the ‘consensual’ approach to measuring poverty by investigating, for the first time ever, the public’s perceptions of minimum needs. Carried out in 1983 by MORI, their research formed the basis of the ITV series *Breadline Britain*, transmitted in August 1983. At that time, they talked of ‘a new type of poverty: resources so low as to exclude people from ordinary living patterns and activities, incomes insufficient to provide a living standard considered normal and essential by the great majority of the population’. The poor were better off than the poor of the past, but still badly off in comparison with the rest of society. Mack and Lansley have continued their work through various surveys right up to this day.

The two concepts of poverty – absolute and relative – give rise to a major communications problem. As part of the Trust’s work, it commissioned extensive population studies with YouGov which show two very different understandings of the term. The population
is divided between those who think that only absolute poverty matters and those who think that relative poverty is important too.

In 2015, 10,112 people from England, Scotland and Wales were asked: ‘Thinking about the government helping those who are not in work, what would be the best form of financial help that the government can provide?’ Various options designed to elicit attitudes to absolute and relative poverty were given. Results are shown in Figure 1.1.

The chart shows the division. The largest single response is about absolute poverty and the second largest (with almost the same proportion) is about relative poverty. As will be shown later, the survey data reveals a fault line in attitudes towards poverty. To use the single term ‘poverty’ to cover these very different situations is likely to lead to ambiguous messages.

Greater clarity could perhaps be found if there was agreement about measurement, but again there is none. A requirement for any measure is that it has high ‘face validity’ in the sense that people recognise the idea when they see it. With poverty, it is clear from the Trust’s and other research that people who are regarded as poor by experts don’t necessarily recognise themselves as poor. This means that, as a way of mobilising opinion, poverty fails an important test.

The academic literature includes a variety of measures of poverty. For example, the World Bank defines absolute poverty as a person living on $1.25 per day and moderate poverty as a person living on $2.00 per day. European Union and The Organisation for Economic Co-operation and Development (OECD) definitions tend to be based on relative poverty so that people are classed as poor if their income is up to 60 per cent of the median household income. Recent Joseph Rowntree Foundation work has used a measure based on 75 per cent of the ‘Minimum Income Standard’, which is a definition of minimum needs based on what members of the public think is essential for a minimum standard of living.
The narrative on poverty has failed

<table>
<thead>
<tr>
<th>Option</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enough money to avoid starvation and homelessness but nothing more</td>
<td>32.6</td>
</tr>
<tr>
<td>Enough money to have what most people would consider a normal life</td>
<td>30.6</td>
</tr>
<tr>
<td>Don't know</td>
<td>13.7</td>
</tr>
<tr>
<td>A basic income set at half the average household income</td>
<td>8.5</td>
</tr>
<tr>
<td>A basic income set at two-thirds of average household income</td>
<td>6.7</td>
</tr>
<tr>
<td>None of these</td>
<td>3.7</td>
</tr>
<tr>
<td>The same amount they had when they were last in work</td>
<td>2.8</td>
</tr>
<tr>
<td>No financial help at all</td>
<td>1.4</td>
</tr>
</tbody>
</table>

Measures other than income

Others suggest that income alone is not a sufficient measure, because it is important to reflect poverty as a multidimensional experience. Describing the approach taken by the Centre for Social Justice, Samantha Callan argues that the ‘obsession with income and how much “stuff” people have (the material deprivation measure) ignored the drivers of poverty: entrenched worklessness, family breakdown, problem debt, substandard education and drug and alcohol dependency’.\textsuperscript{14} This perspective led to the Coalition government’s consultation on broadening the measures of poverty ‘because of the need to reflect its multidimensional nature’.

A different approach is evident in the concept of ‘social exclusion’. Based on a review of the literature in 2007, Levitas and colleagues define social exclusion as:

\begin{quote}
a complex and multi-dimensional process. It involves the lack or denial of resources, rights, goods and services, and the inability to participate in the normal relationships and activities, available to the majority of people in a society, whether in economic, social, cultural or political arenas. It affects both the quality of life of individuals and the equity and cohesion of society as a whole.\textsuperscript{15}
\end{quote}

A third way of thinking is the ‘capabilities approach’ associated with Amartya Sen. This stresses the importance of everyone’s freedom to achieve the kinds of lives that they value.\textsuperscript{16}

The last three approaches to poverty, which take account of multidimensional features, require measurement through the development of an index. Again, there are several such indexes, including the Index of Multiple Deprivation and the Human Development Index.

This brief review shows that poverty is a contested term. According to David Gordon: ‘It often seems that if you put five academics (or policy makers) in a room you would get at least six different definitions of poverty.’\textsuperscript{17} Although Gordon points out that many of the differences
are due to a misunderstanding of the difference between definition and measurement, focus groups run as part of the Trust’s research found that the public is confused by the term ‘poverty’, as illustrated by these two quotations from the focus groups:

‘Poverty to me is people starving and children having bare feet. I never see this here personally.’

‘I can’t afford Sky sports and I am a 68-year-old invalid ... am I in poverty?’

**Poverty is toxic**

So, not only is the word ‘poverty’ ambiguous, it is toxic too. In focus groups, use of the term raises the emotional temperature, commonly leading to what Julia Unwin, a former director of the Joseph Rowntree Foundation, called an ‘angry and fruitless debate’.\(^{18}\)

One symptom of the troubled language of poverty is the high prevalence of popular falsehoods. Early in the research, the Trust placed faith in the idea of ‘busting the myths of poverty’. To this end, it commissioned Rob MacDonald and Tracy Shildrick to conduct a rigorous academic study of six commonly used statements about poverty:

- There is no real poverty in the UK.
- People on benefits aren’t really poor.
- Welfare benefits are too high and create welfare dependency.
- People in poverty are there because of their own failures and behaviour.
- The poor are always with us and nothing can be done.
- Employment is the best route out of poverty.\(^{19}\)

When examined against the literature on poverty, MacDonald and Shildrick found that none of these statements stand up to empirical
scrutiny and they could therefore be classed as popular falsehoods or ‘myths’.

To test the value of the myth-busting approach, the Trust commissioned a study of 2,000 individuals from YouGov. The study found three distinct attitudes towards poverty:

- Since poverty is beyond the control of the individual, it is the responsibility of the state, the labour market or some other external agency.
- Since poverty is within the control of the individual, a new set of attitudes and behaviours on the part of the poor is required.
- Since poverty is an inevitable part of society such that ‘the poor are always with us’, there is nothing to be done about it.

To delve deeper, 12 focus groups were selected from the sample using two different criteria: their attitudes towards poverty (one of the three above) and their income level (high pay, low pay or benefit recipient). The discussion explored many aspects of poverty.

One exercise was to present statistics describing different facts about poverty, for example:

- Some 3.6 million children currently grow up below the poverty line, a figure that is expected to rise to 4.2 million by the year 2020.
- On average people think that 41 per cent of the entire welfare budget goes on benefits to unemployed people, while the true figure is 3 per cent.

Across all focus groups, the findings were consistent. Facts fail to change people’s opinions. When presented with a fact that conflicts with their prior opinion, people tend to dismiss it as ‘what the government would say’ or ‘newspaper talk’. This phenomenon is known as ‘confirmation bias’, in which new information is moulded to fit existing assumptions. “Are these figures compiled by the same people who don’t know any true immigration figures?” asked one focus group participant. “I knew the stat about the welfare budget already. I quote it to people”,
said another. Discussion in the focus groups was highly emotive and dominated by blaming the government or blaming people in poverty depending on participants’ attitudes. Feelings, not facts, hold sway in thinking about poverty.

These findings accord with other research, notably by Drew Westen in *The political brain*, showing that facts and rationality play little part when it comes to people’s judgements about social issues. And yet the poverty industry in the UK is engaged in a persistent cycle of drawing attention to the bad news about poverty and expecting people to be affected by it. It appears that attempts to counter the dominant narrative with facts that show it is false are pointless, particularly when the facts are drawn from a narrative that has lost its ground. As David Marquand has pointed out, ‘The narratives that structured the early post-war period have lost their purchase, but no new narratives have filled the resulting vacuum.’

Poverty campaigners are, however, still apt to use the narrative of the immediate postwar world. Some of the Trust’s early commissions fell into the same trap. While the analysis behind the Fabian Society report commissioned to celebrate the centenary of the 1909 Minority Report had merit, its recommendations to increase welfare spending were out of step with the age. Similarly, a report by the Smith Institute in 2012 suggested a return to the principles behind the Beveridge Report. Both reports suggested a strong emphasis on the state as a key agent and saw a return to a contributory principle of welfare with a means test for those who could not meet the contribution requirements. However, the work of John Hudson and Neil Lunt from York University shows declining support for welfare spending since the 1960s, with attitudes changing most dramatically in the past 30 years. In 1987, 60 per cent of people supported the view that there should be increased welfare spending funded by higher taxes, but this figure had fallen to 35 per cent by 2013.

Poverty campaigners are failing. The work on communication by FrameWorks notes:
Communicators face serious challenges in cultivating broad public support for the policies and programmes needed to solve the problem of poverty in the United Kingdom. Many of the public’s cultural models of poverty, economic wellbeing and the economy do not support meaningful change.²⁵

We need to start from a different place. First, we need to look back to work out how we got here and to assess where we stand now.

The rise and fall of the social administration society

The past 100 years have seen the rise and fall of state intervention as a means of delivering a good society. At the beginning of the 20th century, a new public mood led to efforts to eradicate widespread destitution, sweeping away the Poor Law, and by mid-century developing a welfare state. A different mood characterised the last 30 years of the century as private capital took over as the dominant force in society and relegated public concern about poverty to a minority view.

A landmark report

The first decade of the 20th century saw the first stirrings of public action, first to complement and then to replace private philanthropy as the chief motor for social progress. A landmark report was the Minority Report of the Royal Commission on the Poor Laws and Relief of Distress 1905–09.²⁶ A central tenet of this report was:

Poverty is not a weakness of individual character but a problem of social structure and economic mismanagement.

The report laid the responsibility for solving destitution at the door of government. At the time, the report failed to gain traction. However, 100 years later, at a conference held at the London School of Economics to celebrate it, one participant described the report as ‘the most successful failure ever’. The Minority Report eventually
led to the abolition of the Poor Law and provided the intellectual principles behind the welfare state. Beveridge noted: ‘The Beveridge Report of 1942 stemmed from what all of us had imbibed from the Webbs.’

Clement Attlee, the prime minister whose 1945 government implemented the Beveridge Report, was the Webbs’ campaign manager for the 1909 Minority Report. He described it as ‘the seed from which later blossomed the welfare state’.

**Social advance in postwar Britain**

The work of Keynes and Beveridge became the basis of the postwar consensus across political parties about how to develop a good society based on the twin pillars of full employment and social security. The key was a mixed economy in which planning played a central role. For the next 30 years, the state took prime responsibility for poverty by committing itself to full employment as a goal of economic policy and to a secure population as a goal of social policy. Free education, healthcare and other social services gave opportunities for all regardless of whether they had the money to pay or not. To avoid the stigma of ‘charity’, the system was to be paid for by National Insurance, a contributory scheme deducted from people’s pay packets.

These developments led to much social advance in the postwar period. In the 1950s, it seemed that the combination of full employment and state welfare would banish poverty forever. Seebohm Rowntree’s last study of York in 1951 suggested that poverty had all but disappeared. It seemed that the pain and bitterness of the 1930s depression would fade like a bad dream. Anthony Crosland’s *The future of socialism*, published in 1956, suggested that the dark side of capitalism had been tamed, so that top-down planning by the state could be relaxed. In 1957 the Conservative prime minister Harold MacMillan gave a speech in which he said:

‘You will see a state of prosperity such as we have never had in my lifetime – nor indeed in the history of this country. Indeed
let us be frank about it. Most of our people have never had it so good.\textsuperscript{31}

This social advance was based on four main factors.\textsuperscript{32} First, expansionary macroeconomic policies, combined with a commitment to full employment, meant that work was plentiful. Second, strong trade unions in a relatively protected economy meant that real wages rose in tandem with productivity, allowing workers to enjoy rising living standards. Third, public spending on health, education and housing created a social wage that particularly helped those on lower incomes. Fourth, fiscal policy taxed the rich to benefit everyone, including the poor. These four factors combined to create social mobility. People could see that they were better off than their parents and had higher aspirations for their children. The result was what economist Paul Krugman has called the ‘great compression’. The incomes of the top and bottom tier of earners converged and poverty was much reduced.\textsuperscript{33}

\textit{The system unravels}

Despite these successes, cracks began to appear in the welfare state. Three main problems emerged which meant that the system began to unravel. First, it was not as effective as people had hoped. As early as 1951 Richard Titmuss was disappointed that the arrangements did nothing to address structural inequality.\textsuperscript{34} This conclusion was reinforced in 1972 by James Kincaid, who conducted a comprehensive review of the social security system and concluded that it ‘does nothing effective to iron out inequality, and that the services are far less egalitarian and more punitive than is generally supposed’.\textsuperscript{35}

Nor did it fully solve poverty. In 1965 Brian Abel-Smith and Peter Townsend ‘rediscovered’ poverty, finding that Rowntree’s 1951 work, which suggested that poverty had disappeared, had studied untypical conditions and reached the wrong conclusions.\textsuperscript{36}

Second, there were financial pressures. The National Insurance system could not sustain itself through economic and demographic
changes with the effect that the proportion of means-tested benefits increased. National Insurance had been predicated on full employment, male breadwinners, marriage for life and short lives. Rising unemployment meant that the link between work and benefits could not be sustained. Social security spending increased from 4 per cent of GDP in 1948–49 to 11.5 per cent in 1983–84.\textsuperscript{37} The 1986 Social Security Act effectively ended the National Insurance principle.

Third, and perhaps most serious of all, the way that it was administered was unpopular with claimants. They resented the ‘cold bureaucracies’ running the system, and were angry about the size, inflexibility, inaccessibility and impersonality of the apparatus. This led to the formation of ‘claimants’ unions’ in the 1960s. They saw the Department of Health and Social Security as an ‘agent of social control’ operating with a culture that paid little heed to parliamentary accountability. They campaigned on a four-point platform demanding adequate income without means tests, transparency, no distinction between the deserving and undeserving poor, and a system controlled by those who use it.

\textit{End of the consensus}

This lack of pride in the system was exploited by those who had never believed in the welfare state. From the outset, a small group plotted its downfall. In 1947 Professor Friedrich von Hayek invited 36 influential people to Switzerland to form the Mont Pelerin Society. The group was diverse, but they had a common bond: ‘They see danger in the expansion of government, not least in state welfare, in the power of trade unions and business monopoly, and in the continuing threat and reality of inflation.’\textsuperscript{38} The group worked tirelessly ‘to facilitate an exchange of ideas between like-minded scholars in the hope of strengthening the principles and practice of a free society and to study the workings, virtues, and defects of market-oriented economic systems’.

In \textit{Thinking the unthinkable} Richard Cockett tells the story of how the ideas of free market economics gained ground through the
efforts of organisations such as the Institute of Economic Affairs, the Centre for Policy Studies and the Adam Smith Institute. This was a global movement. In the US, a country that never bought into the idea of the welfare state, conservative think tanks, funded by 12 private foundations, embarked on a long-term and concerted campaign to change policy across the world in favour of tax cuts, privatisation of government services, and deregulation of industry and the environment, as well as deep cuts in government spending. They were well organised, using everything from sound bites to scholarly journals. A key text was Charles Murray’s *Losing ground*.  

This approach found favour with people who had become increasingly unwilling to pay taxes to support social security for those they regarded as ‘scroungers’. This ‘tax–welfare’ backlash was fuelled by articles in the popular press, some parts of which developed an obsession with ‘cheats’. ‘Butskellism’, the consensus between Labour and Conservatives, ended during the 1970s, when the oil crisis caused by the Arab–Israeli War of 1973 produced stagflation. Keynesian economics buckled under the weight of inflation, unemployment and industrial disorder. From the chaos, a strong leader emerged. Following her election victory in 1979, Margaret Thatcher was determined to reverse Britain’s economic decline. She believed that the welfare state, with its cradle-to-grave security, had turned once industrious Britain into a ‘dependency culture’. She wanted to replace this with an ‘enterprise culture’ to raise the status of business, growth, moneymaking and profit. A succession of Conservative governments attempted to free the economy, encouraging individual enterprise, fostering a consumer boom, and seeing the welfare state as a security net of last resort. Reviewing this period of history for the Trust, the Smith Institute concluded:

According to the Conservative Party, incomes policy had obviously failed, trade unions were too powerful, markets were over-regulated; taxes were too high, nationalised industries were feather bedded and an over generous social welfare system discouraged enterprise and created state dependency.
THE NARRATIVE ON POVERTY HAS FAILED

From the mid-1970s onwards the four factors that produced social mobility went into reverse. The Labour government had already set the scene for the changed direction in public policy. In 1976 the government sought a loan from the International Monetary Fund (IMF) to cope with deteriorating economic conditions, and the IMF demanded large cuts in public spending. The Conservative government of 1979 continued the policy. In subsequent years, unemployment became a normal feature of British society, the universal principles behind the welfare state were eroded, high pay for top executives became the norm, and tax rates for the rich were substantially reduced. This led to the ‘great divergence’, with an ever-widening gap between rich and poor.

A key turning point was the 1981 recession. The government abandoned its commitment to full employment as a goal of economic policy. Once this had happened, it was a short step to breaking the link between work and benefits, effectively ending the National Insurance principle. People who were out of work were encouraged to go on incapacity benefit rather than unemployment benefit, partly to give the appearance of lower unemployment. For retired people, a big shift occurred in 1981, when state pension increases were tied to prices rather than wages – though it was invariably the latter that rose faster. Means testing became the dominant principle and was enshrined in the 1986 Social Security Act.

Just as government was reducing benefits to individuals, there were the stirrings of the ‘me society’ as the accumulation of personal wealth became a state-endorsed value. The new mood was exemplified in 1986 when ‘Big Bang’ – the government’s deregulation of the finance industry – freed the City of London to pursue great wealth for the few. This wealth was meant to ‘trickle down’ to the poor, but it didn’t, so poverty increased throughout the 1980s and early 1990s. Child poverty, as measured by household incomes below 60 per cent of the median, doubled between 1979 and 1997.46
A new beginning

The incoming Labour government of 1997 took poverty more seriously than any government since the 1960s, even though the word ‘poverty’ hardly figured in its election manifesto. A decisive announcement was made in 1999 when prime minister Tony Blair made a historic claim: ‘Ours is the first generation to end child poverty forever, and it will take a generation. It is a 20-year mission, but I believe it can be done.’

A key instrument in the pursuit of this aim was the Social Exclusion Unit, which was part of the Cabinet Office. Programmes included the National Strategy for Neighbourhood Renewal, a 20-year plan to ensure that no one was disadvantaged because of where they lived. Sure Start was designed to enable children, particularly those from disadvantaged areas, to have the best start in life. There were ‘New Deal’ programmes to enable those disadvantaged in the labour market to get into work. A national minimum wage was introduced to address in-work poverty, and working tax credits were meant to ensure that people in low-paid work would have higher post-tax incomes than if they were on benefits.

These programmes were partly successful in reducing poverty. Jane Waldfogel evaluated the Labour government’s anti-poverty strategy using three main dimensions: promoting work and making work pay; increasing financial support for families with children; and investing in the health, early-life development and education of children. Although outcomes fell short of plans, the strategy nevertheless significantly increased single-parent employment, raised incomes for low-income families, and improved child outcomes. Pensioner poverty fell by one-third between 1998–89 and 2007–08. Poverty fell in the UK while it stagnated elsewhere in the world. The Institute of Fiscal Studies also reviewed Labour’s record and concurred that progress had been made, though the gains were largely based on very large increases in benefits and tax increases.

Part of the fragility of the Labour government’s approach stemmed from its tendency to pursue social policy by stealth because of its fears...
of antagonising an electorate increasingly hostile to welfare claimants. As Kate Bell and Jason Streilitz found in a Trust-sponsored review: ‘Ending child poverty never really took on political salience outside a narrow policy elite.’

However, Labour managed to obtain cross-party support for the Child Poverty Act 2010, which enshrined in law Tony Blair’s 2001 pledge to end child poverty by 2020.

The crash and its aftermath

The financial crisis of 2008 produced an economic shock that ushered in austerity policies. The Coalition government came to power in the middle of a period of large falls in workers’ pay. Between 2009 and 2011 – a period that neatly sandwiched the May 2010 election – median weekly earnings fell by 7 per cent in real terms.

Robert Joyce and Luke Sibieta from the Institute of Fiscal Studies reviewed the Coalition’s record on poverty. They found the data ‘confusing’. Measures of relative poverty fell significantly. However, this was mostly because falls in median income reduced the poverty line rather than because of rises in the living standards of low-income households.

The Coalition government outlined strategies to reduce poverty in the long run. These were based on improving incentives to work, including a national living wage. This – along with the desire to simplify the system – lay behind the introduction of universal credit to replace different social security benefits.

The Conservative government of 2015 replaced the Child Poverty Act 2010 with the Welfare Reform and Work Act 2016. This abolished the targets to reduce poverty and the measure of poverty based on family income. The Social Mobility and Child Poverty Commission became the Social Mobility Commission. In December 2016, the government abolished the Child Poverty Unit set up in 2007 by the Labour government to coordinate action across Whitehall. Alarmed by this, Alison Garnham, chief executive of the Child Poverty Action Group, said: ‘The threat level has escalated. We should be adding to
our resources for getting children out of poverty, not diminishing them.'\textsuperscript{53} However, a government spokeswoman said it was ‘nonsense to suggest that the end of the standalone child poverty unit meant the government was not committed to its work’.

This exchange is symptomatic of the lack of consensus about what to do about poverty. A fissure has opened in our society. On the one hand, there are those who, like Mickelthwait and Wooldridge,\textsuperscript{54} want to extend economic freedom further, curtail ‘wasteful’ welfare spending, and reduce democracy if it inhibits economic growth. On the other hand, there are those who yearn for the welfare state. Inevitably, the second group is on the back foot. The language of anti-poverty campaigners is problematic because it is based on resistance to dominant trends in society and uses concepts that fail to resonate with people. A meeting organised for the Trust by Compass concluded: ‘Poverty campaigners have been running up the down escalator for decades trying to squeeze more and more out of the post war settlement and getting less and less in return.’\textsuperscript{55}

We need an alternative, and that is the task of this book. It will start with the society we have and later compare it with the society we want.

Notes

THE NARRATIVE ON POVERTY HAS FAILED


Available from: http://news.bbc.co.uk/onthisday/hi/dates/stories/july/20/newsid_3728000/3728225.stm


THE NARRATIVE ON POVERTY HAS FAILED
