

5. Wealth, poverty and welfare

INTRODUCTION

The general theme of this chapter is wealth, poverty and welfare and its relationship to *social inequality*, with the main focus being on understanding how things like wealth, income and poverty are unequally distributed in our society.

We can start to explore this theme, therefore, by thinking about 'different definitions of poverty, wealth and income' since, as **Ruth Levitas** ('Defining and Measuring Social Exclusion', 1999) notes: 'definition precedes decisions about measurement'. Given we will be measuring these ideas at various points, it will be helpful to establish what it is we are trying to measure.

Wealth, poverty and welfare

WARM UP: THINKING DEFINITIONS

To get you started, in small groups, use the following table as the basis for identifying and discussing what you already know about:

Income	Wealth	Poverty
Money you earn	Things you own	Not enough to eat
Further examples		

Defining income



Preparing the ground

Income, on the face of things, is not particularly hard to define; it refers to the monies received by an individual over a specified time period (usually, but not necessarily, a year). In this respect, it is a simple *economic indicator* of value that, consequently, can be objectively quantified (or measured). It can also be one of two types:

- **earned** (or **active**) income is money received for doing something (like paid employment)
- **unearned** (or **passive**) income, on the other hand, comes from things like investments (such as dividends from stocks and shares), rents and so forth.