

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.



As **Ian Townsend** ('Income, Wealth & Inequality', 2004) notes, it is important not to confuse *earnings* (money from paid work) with *income*; the two ideas, although related, are not the same – income, for example, may include 'savings and investments, benefits and occupational pensions, in addition to wages'.

A few related ideas we can note are:

- **gross** income involves the total amount of an individual's income – earned and unearned – before any direct taxation (such as income tax)
- **net** (or disposable) income is the amount left after various forms of direct taxation have been deducted
- **discretionary** income refers to the amount of money someone has available to spend once essential items (food, clothing, transport to work and shelter for example) have been deducted.

Although the basic definition of income is fairly straightforward, a couple of complicating factors enter the equation (you just knew they would, didn't you?) when we think about the possibility of using it as an indicator (or measure) of something like social inequality or poverty.

- **Individual or household:** Although incomes are earned individually, within family groups or households they are likely to be pooled (or *aggregated*), a situation further complicated by the number of incomes being pooled (a single adult contributing to the economic upkeep of the family or a number of adults contributing their income, for example). When income is defined at the level of a family or household, the term:

- **Equivalised income** is frequently used, especially if we want to compare families and households on the basis of their needs; a single adult household, for example, needs a lower income than a two adult with children household to maintain a similar standard of living. Most official statistics in this area use an 'equivalence scale', such as that devised by **McClements** ('Equivalence Scales for Children', 1977), to compare incomes between different households.

Module link – Family Life: The idea of different types of family or household group is significant in terms of family diversity.

- **National, international or global:** When making comparisons between different countries, national income figures are a useful starting point. Global comparisons, for example, can be used to locate a country's total income within a world context, whereas international comparisons can be used to compare the total income of a country like Britain with its equivalent economic competitors (such as France or Germany). However, a simple comparative focus on national income levels – while undoubtedly interesting and useful – may mean we overlook wide disparities of income *within* a society.



Digging deeper

Although defining income, as we have seen, is not too difficult, such a definition – although necessary – is not particularly useful or meaningful. What would be useful and meaningful is the ability to think about income in terms of its **relative distribution** in our society. That is, how different levels



of income are distributed within and between different social groups. If we can discover this it will go some way towards helping us understand concepts such as poverty and, of course, why some individuals and groups are more unequal than others.

To make income meaningful, therefore, we need to measure it – and this, as we are about to discover, is not as simple and straightforward as you might expect, for a couple of reasons.

- **Masking:** Some groups in society have the ability to hide their real income from the prying eyes of tax officers (and sociologists of course – although they are probably slightly more concerned about the activities of the former).

The wealthy, for example, may employ accountants to find (legal) ways of minimising their income for tax purposes.

Prem Sikka ('Socialism in reverse', 2003), for example, estimates UK tax avoidance schemes (legal ways of avoiding taxation) cost the government £25 billion each year.

On the other hand, some groups may minimise their declared income by working in the:

- **Hidden economy**, where income is either from illegal sources (such as theft or drug-dealing) or paid 'cash-in-hand' (that is, paid directly to an employee without the money being declared for tax purposes by either the employer or employee). **Dilip Bhattacharyya** ('On the Economic Rationale of Estimating the Hidden Economy', 1999) for example, argues the existence of 'unrecorded economic activities' casts doubt on national income estimates and, by so doing, has implications for social and welfare

American property developer Leona Helmsley (pictured) once famously said 'Only little people pay taxes'

This was, of course, before she was imprisoned for four years (in addition to a \$7 million fine) for failing to declare her true earnings to the US tax authorities.



policies (which we will discuss in more detail later).

Leaving these complicating factors aside, measuring 'net disposable household income' involves, according to **Simon Lunn** ('Low-Income Dynamics 1991–2001', 2003), counting, where applicable, all of the following:

- net employment earnings
- profit or loss from self-employment
- social Security benefits and tax credits
- occupational and private pensions
- investments and savings
- maintenance payments (if received directly)
- educational grants and scholarships (including loans)
- payments in kind (such as luncheon vouchers or free school meals).



Although defining and measuring income can, as I have suggested, be difficult, once we have done these things it becomes fascinating to think about how income is distributed unequally in our society across a range of social categories, beginning with social class.

Social class

Although there is no great surprise in the observation class differences in income exist (in general, the higher your social class, the higher your overall income), a couple of points can be noted.

- **Proportion:** According to **Andrew Shephard** ('Poverty and Inequality in Great Britain', 2004), income in our society is disproportionately skewed towards the higher social classes, as the following table illustrates:

Population %	Share of total UK Income
Richest 1%	8%
Richest 10%	28%
Poorest 10%	2.8%

Table 5.1 UK Income Share: 2002–2003

- **Increasing income inequality:** Over the past 40 years, higher income groups have increasingly taken a higher share of

1961 – 1979	Income rises were fastest for the lowest groups.
1979 – 1992	Income for the poorest 30% was largely static: incomes in general rose by 36%.
1992 – 1995	Income of poorest rose slightly faster than for other groups.

Source: J. Hills, 'Income and Wealth', 1998

national income. The rise in income inequality is not, however, an even upward movement. As **John Hills** ('Income and Wealth', 1998), for example, notes:

The Institute of Fiscal Studies ('Inequality, income distribution and living standards', 2000) suggests that, although 'the widely charted rise in income inequality in the 1980s was checked during the recession of the early 1990s ... inequality has since begun increasing again' and **Shephard** characterises the current situation as one of 'Increasing inequality, yet increasing redistribution' – which suggests although over the past few years there has been some redistribution of income among social classes, it has largely been from the higher classes to the middle classes.

Thinking about these ideas, we can identify a number of reasons for income inequality in the recent past.

- **Technological changes:** The development and application of computer technology over the past 25 years has had a number of consequences for income inequality in our society, related to the changing nature of employment. In the 1980s, for example, the decline in manufacturing (such as car production) and extraction industries (such as coal mining) led to an increase in (mainly working class) unemployment. The rise in service industries (such as banking and finance services, data processing and so forth), has, on the other hand, had a couple of consequences we can note here. Firstly, the growth of relatively low-paid work in areas such as call centres and, secondly, an increase in the income of some parts of the middle



class as employers pay an income premium for skills, knowledge and qualifications.

- **Trade Unions:** The decline in the number of people joining unions has lessened their ability to raise wage levels for the poorest sections of our society.
- **Unemployment:** Although at around 1.5 million people this is far lower than in the early 1980s (where an estimated 3–4 million people were unemployed), substantial numbers of individuals and, more importantly, households, who rely for their income on state benefits are among the poorest in our society.
- **Benefit changes:** Payments were once linked to rises in income, but are now linked to price rises. In a low price-inflation economy (where prices rise slowly, if at all), the value of welfare benefits has declined in relation to work-related incomes.
- **Tax changes:** The highest rate of income tax is now 40% (for those earning over £40,000), which contrasts with rates reaching 80% – 90% in the recent past. Those on higher incomes, therefore, now get to keep more of that income.
In addition, there are a couple of useful concepts we can apply in this context (and, as we will see, in relation to areas such as gender, age and ethnicity).
- **Vertical segregation** refers to the way the workplace is *hierarchically structured* ('top to bottom'); within occupations, for example, there is normally a grading structure whereby those at the top earn significantly more than those at the bottom (a head teacher for example, earns more than a classroom teacher).

- **Horizontal segregation**, in this context, refers to the idea different occupations have significantly different rates of pay. Middle-class occupations (such as a doctor or lawyer) are segregated from working-class occupations (such as bricklayer or road sweeper) on the basis of skills, knowledge and qualifications.

Age

Income differences, for a variety of reasons, are linked to age in two main ways.

- **Individually:** In general, the incomes of the young are lower than those of other age groups (with the possible exception of those aged 65+). One explanation here is that of *career seniority* linked to levels of skills, knowledge and qualifications. Vertical workplace segregation, for example, may be a factor in age-related income inequalities in some occupations (such as further education lecturing, where individuals move up the pay scale for each year of experience they gain).
- **Life cycle:** **Rownlinson** et al ('Wealth in Britain', 1999) argue significant income inequalities are related to life cycle differences. Thus, 'young, childless, couples' for example, generally have higher (household) incomes than young single people or young couples with children. For couples with children, **Rownlinson** et al noted three significant factors in relation to income.
 - **Single parents** had significantly lower incomes than dual parent households.
 - **Age of children:** Lower income families were more likely to have children of pre-school age.



- **Age of mother:** Where women delayed childbearing (until their early 30s, for example), this had less impact on family income levels. This is probably due to middle-class women, in particular, delaying childbearing until they have established a career to which they can return after child birth.

Rigg and Sefton ('Income Dynamics and the Life Cycle', 2004) also point to the way life cycle factors affect income when they note: 'Mothers typically reduce their employment activity when they have children and retirement is usually, though not always, associated with a reduction in employment activity'.

One interesting feature of the elderly and retirement is the observation that, although this group tend to have significantly lower incomes (especially single elderly people) they are often one of the *wealthiest* social groups (mainly because of outright house ownership and the value of private pensions).

Gender

Average female incomes have, historically, been lower than average male incomes. The Office for National Statistics (2004) noted, for example, the 'gender gap in average hourly pay of full-time employees' was 18% (women earn 82% of average male earnings) – a decline, it should be noted, from 26% in 1986. Although this figure hides significant differences in income across different social classes and occupations, we can note a number of reasons for the continuing difference.

- **Discrimination:** Despite progress we shouldn't discount the continued significance of overt (and covert) forms of sex discrimination within the workplace

as an explanation for gendered income inequality.

- **Vertical segregation:** Within many occupations, the top (highest-paid) positions are still predominantly filled by men. The concept of a *glass ceiling* is sometimes used to suggest the idea that, although women may not suffer overt forms of sex discrimination, they are still, by and large, unable to reach the top positions in companies in any great number.
- **Horizontal segregation** refers here to the idea many occupations are *sex segregated*, in the sense of being predominantly performed by either males or females. Female dominated occupations, for example, include areas such as teaching, nursing, shop and secretarial work and, in general, these types of work are lower paid than male-dominated occupations.
- **Dual labour markets:** Sociologists often distinguish between:
 - **primary** labour markets, involving, for example, large, technologically advanced, companies with high levels of profitability, job security, promotion, career prospects and wages and
 - **secondary** labour markets where the reverse is true – working conditions, job security and wage levels, for example, are normally considerably worse than in the primary market.

The fact that women generally tend to work in the secondary labour market, therefore, goes some way to explaining lower levels of female income.

Sommerlad and Sanderson ('The Legal Labour Market and the Training Needs of



Women Returners in the United Kingdom', 1997), for example, note: 'The primary market is conceptualised as male and characterised by male ways of working and career norms'.

Even where women are present in a primary market (as in the case of solicitors studied by **Sommerlad and Sanderson**), they occupy a *secondary position*, based on the idea of vertical workplace segregation. In other words, women in such professions generally have lower incomes than their male counterparts. Furthermore, **Sommerlad and Sanderson** argue the position of women within an organisation may be both fragmented and complicated, thus:

The secondary market is characterised by its own hierarchy: full-time women who have not taken a career break and who are childless, but who have not been accepted as 'honorary men', full-time women who have not taken a break, but who have dependent children, returners with children who are full-time and, at the bottom, returners with children, who work part-time.

Ethnicity

In relation to non-white ethnic groups we find a diversity of income levels related to specific cultural (such as family composition, size and type) and economic factors (such as type and level of employment). In an overall sense, factors such as those identified for

Discussion point: women on top? More women make the boardroom

BBC : 21/02/03

The number of women heading UK businesses has seen a sharp increase, according to the latest research from Cranfield School of Management. There are now more female directors than ever before leading UK companies listed in the FTSE 100 index.

The biggest increase was seen in executive director posts, where the number of women jumped from just 10 in 2001 to 15 in 2002.

- Women continue to hold only 7 per cent of all directorships.
- 39 of the UK's top companies still had no women directors.
- In Britain, Dame Marjorie Scardino of Pearson is still the only female chief executive of a FTSE 100 company, while 3i's Baroness Hogg is the only female chairman (sic).
- Most female boardroom staff: Marks & Spencer (27%)

As a class, think about and discuss the following:

- Why are more women not at 'senior management level'?
- Is it important for women to be represented at senior levels of a company (why/why not?)?
- What personal and social factors might contribute to the idea of a 'glass ceiling' in some occupations?



Marjorie Scardino



other social groups also apply to ethnic minorities. For example:

- **Racial discrimination** is a factor in the relatively lower levels of income experienced by minority groups compared to their majority (white) counterparts.
- **Vertical segregation** involves the fact ethnic minority group members (with notable exceptions – especially among those who have successfully established their own businesses) tend to be employed at lower organisational levels.
- **Horizontal segregation** operates by locating minority group workers in lower-paid occupations (such as nursing, for example).
- **Dual labour markets:** Ethnic minority groups are disproportionately found in secondary markets, where they experience lower job security and wages.

Against this general background of lower ethnic group incomes, **Richard Berthoud** ('Incomes of Ethnic Minorities', 1998) notes a wide diversity of income levels between different non-white groups. He identifies Pakistanis and Bangladeshis as being among the very poorest in our society for a number of reasons:

- **family size** tends to be larger than average
- **unemployment** is high among males
- **economic activity** is low amongst females
- **lower levels** of pay.

(Note how you can use the mnemonic **FUEL** to help you remember these reasons).

Indian and Chinese groups have higher levels of employment and, in general, their

rates of pay – if not always household income levels – match white workers. Afro-Caribbean minority groups generally have higher levels of (male) unemployment, coupled with higher than average rates of single-parenthood. **Berthoud** notes that, although wage levels for men tend to be below those of their white counterparts, the same is *not* true for female pay rates.

Platt and Noble's study of ethnic diversity in Birmingham ('Race, place and poverty', 1999) confirms Berthoud's general argument; they found 'Bangladeshi, Black Caribbean, and Pakistani ethnic groups are over-represented in the low-income population'.

Defining wealth



Preparing the ground

Defining income is, you will no doubt be pleased to know, relatively straightforward compared to defining wealth. Although the Office for National Statistics (Social Trends 31: 2001) makes a relatively simple distinction:

- **income** represents a flow of resources over a period, received either in cash or in kind
- **wealth** describes the ownership of assets valued at a particular point in time.

The main (sociological) problem we have with defining wealth is deciding the relative importance of different types of **asset**, defined as the ownership of things (such as cars, houses and computers) that have an economic value – they can be sold for money, in other words. However, within this



basic category there are two sub-divisions we can note:

- **Use:** If we think about economic assets in terms of *property*, this category involves the things we own for *personal use*; the home in which we live, the car we drive, the sociology books we read. The significance of ownership here is that, because it involves personal need or use, if we sell something we need, we may have to buy something similar to replace it.

This dimension of wealth is clearly important when we are comparing cross-cultural wealth (and poverty), but less useful when we are comparing levels of wealth within a society. Part of the reason for this is a debate about whether or not the things we own for their *use value* (I need a house in which to live, a car to get me to work and sociology books to teach from) can be counted as wealth in the same way as things kept for their:

- **Value:** Property in this category refers to the things we own as *investments* – the things we accumulate for their worth and the value they will realise once sold. Stocks and shares are obvious examples here, but ownership of a second home also counts as wealth in this category. This is often called *marketable wealth*. However, just to complicate matters, a further dimension here is:
- **Non-marketable wealth** – this has neither a particular use, nor can it be sold. A *personal pension* is a classic example of this type of wealth.

In terms of the above, therefore, we can distinguish between two types of wealth.

- **Productive property** is a form of wealth that can create income (by selling something like a second home, ownership of a business, investments in things like shares and so forth).
- **Consumption property**, on the other hand, involves things owned for their use (such as a TV set). They don't create income, but they could be sold. However, they would have to be replaced if you wanted to maintain a certain standard of living.

Debates about how to define wealth are important since, as **Stephen Jenkins** ('The Distribution of Wealth', 1990) argues, if we can't easily decide how wealth should be defined and measured, this creates problems for our understanding of its distribution in society (understanding, in effect, who owns what and the social consequences of different levels of wealth ownership).

Such debates are important, however, because they shape our understanding of ideas like social inequality and poverty; if we include in our definition of wealth everything people own, the picture we get is one in which disparities of wealth (the difference between the wealthiest and poorest in our society) may not be as great as if we exclude those things owned for their use rather than their actual value.



Digging deeper

When we think about how wealth is distributed between social groups in our society we need to keep three things in mind.

- **Definitions:** As we have just seen, how you define wealth has implications for how we understand its distribution in our



Discussion point: what counts as wealth?

In small groups, use a table like the one below to identify those things we own (such as houses and cars) for their use and those things we own for their investment (income) value.

As a class, consider how debates over what constitutes wealth influence our understanding of wealth distribution in our society (for example, who are the wealthy in society?).

Wealth?	
Things owned for their use	Things owned for their value
Television	Paintings
Personal computer	Stocks and shares
House	Second home
Further examples	

society (if we exclude, for example, home ownership from our definition the picture we get will be of a more unequal society in terms of wealth than if we include it).

- **Measurement:** In this instance we are less concerned with what counts as wealth and more with how to reliably and validly count people's actual wealth. This is not always easy, for similar reasons to the measurement of income.
 - **Masking:** The wealthy, for personal and tax reasons, can restrict our ability to estimate their wealth accurately. This may involve moving wealth 'off-shore' (to countries with relatively lax

tax and disclosure laws) or *gifting* money and property to relatives to avoid inheritance taxes – and since much of our knowledge about the wealth of the very rich is only revealed when they die (from their wills), we need to be aware this type of source may understate the extent of individual wealth.

- **Hidden economy:** This may involve both wealth accumulated by criminal means or, as in the above, exploiting various legal loopholes to hide actual levels of real wealth from tax authorities.
- **Process:** Rownlinson et al (1999) identified four major factors in the ability to accumulate wealth (not including, of course, the ability to inherit it from your parents).
 - **High income:** The highest income groups are more likely to use part of their income for investment (savings, stocks and shares, etc.). Townsend (2004), for example, noted that 'almost 70% of investment income is received by those with incomes above £20,000 a year'.
 - **Lifestyle** – which included attitudes towards saving (and, most importantly, the ability to save).
 - **Knowledge** relating to investment schemes and opportunities was a significant factor in wealth accumulation.
 - **Availability** of suitable savings and investment schemes.

Keeping these ideas in mind, we can make some general statements about the distribution of wealth in our society.



Social class

There is a strong relationship between social class and wealth. In terms of its general distribution, for example, the Office for National Statistics (2003) provides the following breakdown:

Total marketable wealth of:	Percentage		
	1976	1999	2001
Top 1%	21	23	23
Top 10%	50	55	56
Top 25%	71	74	75
Bottom 50%	8	6	5

Table 5.2

When we look at total marketable wealth (which includes the value of houses), the picture we get is one of:

- **inequality:** the wealthiest half of the population, for example, currently holds 95% of the nation's total wealth
- **increasing inequality:** over the past 25 years, the wealthy have taken a greater share of the nation's wealth.

If we exclude the value of dwellings, the picture is, as might be expected, one of even greater inequality. According to the Office for National Statistics (2003), the top 50% of the population control 97% of the nation's wealth and one-third of all wealth is owned – as table 5.3 illustrates – by just 1% (approximately 60,000 people if we include children) of the population.

This situation has led **Townsend** (2004) to argue for the significance of **wealth**

Marketable wealth, less value of dwellings, of:	Percentage		
	1976	1999	2001
Top 1%	29	34	33
Top 10%	57	72	72
Top 25%	73	86	86
Bottom 50%	12	2	3

Table 5.3

exclusion. The number of people with the least wealth (those with no savings or investments) increased in the twentieth century. Ten per cent of the UK population had no discernable material wealth at the end of the century (a figure that rises to 20% in the 20–34 age group).

A significant factor in the relationship between social class and wealth is:

- **Inheritance:** Not only can wealthy individuals' marketable wealth be passed, on death, to their offspring, the value of any non-marketable wealth may also be realised at this point. One consequence of this system is:
- **Elite self-recruitment:** The wealthy – by their ability to pass their wealth down the family line to their offspring – perpetuate wealth inequalities, effectively ensuring the recruitment of their sons – and, increasingly, daughters – to the ranks of the wealthy.

The existence of 'death duty' taxation also helps explain what little wealth redistribution there has been over the past 50 years in the UK; the very wealthy



seek to minimise their tax liabilities by passing wealth down the family line *before* they die. Although, historically, inheritance has been through the male line (*patrilineal descent*), the increasing likelihood of all children being included may slightly dilute the overall wealth of the very wealthiest in the population by spreading wealth across a number of different children.

Age

If we think about age-related wealth in terms of an individual's *life cycle*, over their lifetime people are more likely to build up marketable wealth, which suggests wealth inequality is built into our economic system.

Rownlinson et al (1999) noted how wealth increased with age, peaking in the 60–69 age group. The least wealthy life cycle groups were 'young single people (under the age of 35) and lone parents'.

Gender

Although, as I have noted, in the past wealth was generally passed down the male line, this practice is not as prevalent as it once was. However, in terms of *wealth creation*, men are much more likely to feature among the self-made wealthy than women (something related to economic practices and opportunities – we could think about how vertical and horizontal workplace segregation apply here).

Ethnicity

Among non-white ethnic groups, those of Asian origin (especially Pakistani origins) are most likely to feature in the least wealthy 10% of the UK population. Those of Chinese origin, on the other hand, are

most likely – among all ethnic minority groups – to appear in the wealthiest 10% of the population.

Region

Anne Green ('The Geography of Poverty and Wealth', 1994) noted changes in the traditional distribution of wealth in the UK during the 1980s – areas formerly dependent on large-scale extraction industries (such as coal mining) and manufacturing saw a general decline in their share of the nation's wealth; the South East and London (where the commercial focus is on *service industries*) saw their proportionate share of wealth increase. This process has continued into the twenty-first century.

Defining poverty



Preparing the ground

Although you won't thank me for this, it is probably fair to warn you our ability to define poverty presents us with some subtly different problems compared to our ability to define concepts such as wealth and income. The good news is there are two basic types of definition we can use (I will leave the bad news about them until you've understood what's involved).

Absolute poverty

This definition is based on the idea we can identify the minimum conditions for the maintenance of human life. **Seebohm Rowntree** (*Poverty, A Study of Town Life*, 1901), for example, was one of the first to identify a minimum subsistence level, below which people were to be considered poor.



He also distinguished between what he called:

- **primary poverty** – a situation in which individuals or families lacked the means to provide the basic necessities of life (food, clothing and shelter, for example) and
- **secondary poverty** – a situation in which, although people have sufficient means to sustain life, they fail to do so adequately because they spend at least part of their income on things that aren't essential (a classic example here might be spending on things like alcohol and tobacco).

In this respect, we can think of this type of definition as being based on human *biological* needs. A more modern version of absolute poverty, however, might be evidenced by **Gordon and Townsend** et al's study (*Child Poverty in the Developing World*, 2003), which defined poverty on the basis of seven basic needs, as shown in the table below.

However we specifically define absolute forms of poverty, this type of general definition rests on the ability to draw a poverty line by which to identify basic human requirements (in the manner of **Gordon and Townsend** et al's study). In basic terms, if you do not have these things, you are poor.

As we will see in a moment, there are advantages and disadvantages to defining and measuring poverty in absolute terms. However, we need to note a significant problem (one that led to the idea of defining poverty in **relative** terms – something that is discussed further below) with absolute definitions, namely the concept of **minimum needs**. Although human life has certain minimum needs (a given amount of food and water each day, for example), this type of 'absolute definition' is not particularly useful when it's applied to societies (such as Britain in the twenty-first century) where very few – if any – people are unable to meet these 'minimum needs'.

Gordon and Townsend et al's study, for example, found 35% of children in the Middle East & North Africa were in absolute poverty – applying the same measures in their study to children in Britain would probably conclude no – or very little – poverty existed in our society. Although in absolute terms this may be true, it is not a very useful way to think about poverty, mainly because there are considerable differences in general living standards in our society – some people, in basic terms, have more of the 'good things in life' than others – and we need to understand the significance of this type of difference. For this reason, an alternative way of measuring poverty focuses on the following.

Basic Needs	'Child Poverty in the Developing World', 2003
<ol style="list-style-type: none"> 1. Clean water 2. Sanitation 3. Shelter 4. Education 5. Information 6. Food 7. Health 	<p data-bbox="412 1462 1292 1591">'If the household or individual does not have access to a particular basic need, they are defined as "deprived". Those who are deprived of two or more of the seven basic need indicators are defined as being in "absolute poverty"'.</p> <p data-bbox="535 1652 1169 1717">Townsend Centre for International Poverty Research [http://www.bris.ac.uk/poverty/child%20poverty.html]</p>



Relative poverty

If, at least in its original formulation, the concept of absolute poverty focused on the idea of *biological* needs, the concept of relative poverty – articulated through the work of **Peter Townsend** ('Measuring Poverty', 1954) and **Townsend and Abel-Smith** ('The Poor and the Poorest', 1965) – added the idea of **cultural needs** to the definition. In other words, **Townsend** (among others) argued poverty in affluent (wealthy) societies wasn't simply a matter of biology – someone should be considered poor if they lacked the resources to participate fully in the social and cultural life of the society in which they lived.

This type of definition introduced the idea poverty was related in some way to the 'normal and acceptable' standard of living in any society (whatever this may be). **Mack and Lansley** (*Poor Britain*, 1984) express this idea quite neatly when they note: 'Poverty can be seen in terms of an enforced lack of socially perceived necessities'. The key idea here is 'socially perceived'; what one society at one particular time sees as being 'unnecessary' may, in another society or at another time, be seen as essential.

By considering poverty in terms of cultural needs, therefore, we can accommodate ideas of:

- **Cross-cultural differences:** Different societies, for example, have different living standards – life in East Africa, for example, is not the same as life in East Anglia.
- **Historical differences:** In our society, life is very different for the majority of the population today to what it was 200 years ago. What may have been considered an

acceptable living standard at the start of the nineteenth century would probably not be considered acceptable today.

- **Demographic differences** takes the idea of *cultural relativity* further by noting that, even within the same society, there are differences between social groups (such as young people and the elderly). A 'normal and acceptable' living standard for a teenager may not necessarily be viewed in the same way by an old age pensioner.



Growing it yourself: getting by?

In small groups, use the following table as a template for deciding what the biological and, more significantly, cultural needs are for people in our society.

As a class, compare your different lists and, after a full and frank discussion (otherwise known as an argument), decide what you believe the minimum biological and cultural needs are for our society.

When thinking about cultural needs, think about the things you feel people really *must* have to participate fully in the cultural life of our society.

Our Biological Needs	Our Cultural Needs
Enough food to prevent starvation	Telephone Shoes



Digging deeper

In the following sections we are going to look at the concept of poverty in more detail, so we're not going to think about



things like the extent of poverty in our society just yet. Instead, we can look a little more closely at how poverty is defined and measured and the respective advantages and disadvantages of such definitions and measurements.

We can begin by noting poverty (unlike concepts such as income and wealth) is not something we can directly measure, since it is not immediately quantifiable. To *operationalise* (define and measure) the concept we need to identify certain *indicators* of poverty (in the way you've just done in the previous activity, for example).

In this respect, all definitions of poverty (either absolute or relative) are essentially based on the same idea, namely we can – somewhere and somehow – draw a *poverty line*, below which people are to be considered poor and above which they are to be considered not poor. The argument, therefore, is not particularly over whether absolute or relative definitions are superior or inferior (since both types, ultimately contain an absolute definition somewhere along the line). Rather, the argument over definitions falls in two main categories.

- **Indicators:** The main question here is whether we use *biological* or *cultural* indicators (or perhaps both) as the basis for any definition: *Absolute definitions* are more likely to use the former (because they provide a basic yardstick against which to measure human needs in general), whereas *relative definitions* are more likely to use the latter (because they provide a flexible set of indicators that can be applied to specific societies at different times).
- **Measurement:** Related to the above, we have to decide what features of social life are to be used as indicators of poverty.

Relative definitions, for example, use a range of different indicators depending on the preferences of their creators – an idea we can briefly outline in the following way.

Measuring relative forms of poverty involves varying levels of complexity and depends, to some extent, on what the researcher is trying to achieve and the resources they have available. We can get a flavour for the various ways of defining and measuring poverty by identifying a variety of different models using a basic classification suggested by **Stewart** et al ('Everyone agrees we need poverty reduction, but not what this means: does this matter?', 2003).

- **Monetary** models involve using income (either directly or in terms of the ability to buy certain goods and services defined as 'necessities') as the basic definition and measure of poverty. For example:
- **Households below average income:** In the UK, this measure sets a relative household poverty line at 60% of *median net income* (the median is found by arranging income values in order and then identifying the one in the middle – if the median income was £100 per week, for example, the poverty line would be drawn at £60 per week).

In the European Community, however, a figure of 50% of median net income is used as a poverty line – which demonstrates how problems of definition may occur even when we use a relatively simple monetary indicator of poverty.



- **The World Bank** uses the formula of '1\$ a day' (approximately 60p) as the economic measure of world poverty – if your income is above this level you are not classified as poor.
- **Budget standards: Tom Startup** ('Poor Measures', 2002) advocates a measure of poverty based on the idea of the cost of a 'basket of goods and services'. This involves identifying basic biological and social necessities, estimating their cost and setting a poverty line at this level. A variation on this idea involves:
- **Basic necessities surveys: Rick Davies** ('Beyond Wealth Ranking', 1998) argues poverty can be defined as 'the lack of basic necessities'. However, what these necessities may be is not pre-defined by the researcher; rather, they are identified during the research process.

The researcher may, for example, start with a list of items (such as a television) and events (the right to an education, for example) and these are accepted, rejected or modified by respondents as they see fit. These approaches are similar to the **participatory models approach** (see below) but are usually classified as *consensual approaches* to defining poverty because they're based on a *popular consensus* about what constitutes 'basic necessities'.

- **Capability** approaches focus on what **Sen** (*Development as Freedom*, 1999) has termed 'indicators of the freedom to live a valued life'. In other words, they focus on understanding poverty as a set of *lived experiences* (things people can or cannot

do) rather than a simple monetary approach. What these capabilities may be differs both historically and cross-culturally and involves identifying a range of indicators of deprivation (the ways some people are deprived of the things a society takes for granted as being part of a normal and acceptable standard of living). We can, for example, note a couple of capability-based concepts.

- **Relative deprivation:** Writers such as **Peter Townsend** (*Poverty in the UK*, 1979) and **Mack and Lansley** (1985) used a range of different indicators of deprivation to measure people's quality of life. Townsend, for example, included things like household amenities (a refrigerator and fixed bath, for example), how often people went out to visit friends or for a meal, as well as the type of food people bought and ate.

Townsend's 'Material Deprivation Score' analyses (1991 and 2001) for the National Public Health Service for Wales are more recent examples of this approach, using a simplified index of deprivation based on four census-based variables, namely the percentages of households with no car, not owner occupied, unemployed, and overcrowded.

- **Indices of deprivation**, although measuring a range of deprivation indicators in a similar way to the ones noted above, involve broader estimates of people's overall quality of life. The **Social Disadvantage Research Centre** ('English Indices of Deprivation', 2004), for example, used indicators such as levels of income, employment and experienced crime (among other



factors) to create an *index of material deprivation*.

The main difference between the two (similar) approaches is their focus: *relative deprivation* approaches tend to focus on individuals and households, whereas *indices of deprivation* approaches broaden the scope to include wider community factors (such as levels of crime in an area).

- **Social exclusion** approaches represent a more recent way of thinking about how poverty and deprivation affect people and the society in which they live. They focus, as you might expect, on trying to measure the various ways people are excluded from participation in the activities and experiences we take for granted as part of our general lifestyle.

A range of indicators can be used to measure social exclusion. For example, 'Opportunity for All: Tackling Poverty and Social Exclusion', 2003 (Department of Works and Pensions) identified a variety of ideas (levels of rural poverty, unemployment, urban deprivation, child poverty, health care and so forth) that, taken together, represent some of the ways people are socially excluded.

Palmer et al ('Monitoring poverty and social exclusion', 2003), on the other hand, used indicators related specifically to different age groups (children, youth, adults and the elderly) as a way of measuring exclusion. Within each group they looked at different factors (such as birth weight and exclusion from school for children, winter death rates, levels of anxiety and access to services for the elderly) to arrive at a comprehensive 'index of exclusion'.

- **Participatory** approaches are similar to *consensual approaches* in that they are based on the idea of asking people to define what they mean by poverty. However, as **Bennett** and **Roberts** ('From input to influence', 2004) argue, a major difference here is that the *meaning* of poverty is constructed through 'discussions with people with past or present experience of poverty'. This approach, they argue, takes control over definitions away from governments and researchers and returns it to the people with direct, first-hand experience of the matter.

A similar *ethnographic approach* (allowing the poor to 'speak for themselves') was advocated by **Beresford** et al ('Poverty First Hand', 1999) as a means of *understanding*, as opposed to simply *representing*, poverty. The main objective of such approaches, therefore, is to discover ways of eliminating poverty and social exclusion based on how the people involved actually experience such things.

Although this type of approach can be criticised (it's not just the poor, for example, who have an interest in both defining and eliminating poverty), **Robert Chambers** ('Poverty and Livelihoods', 1995), defends participatory approaches by asking: 'Whose reality counts? The reality of the few in centres of power? Or the reality of the many poor at the periphery?' He justifies such approaches by arguing they have the potential to bring 'poor people's problems and priorities' to the attention of national policy makers.

To complete this section we will look briefly at a number of advantages and disadvantages to absolute and relative definitions of poverty.



Growing it yourself: constructing exclusion

This exercise builds on the one you've just done, using a participatory approach to understanding poverty. In the previous exercise you looked generally at minimum biological and cultural needs for our society. In this exercise you are required to identify the kinds of things (such as personal use of a television) and behaviours (going out once a week, perhaps?) you consider essential for full and active participation in the 'normal lifestyle' for *your age group*.

In small groups, copy the following table and use it to identify 'essential objects and behaviours'. Once you've done this, discuss your ideas with the rest of the class to arrive at a 'participatory picture' of inclusion/exclusion for your age group.

Age Group Essentials	
Objects	Behaviours
Personal stereo	Going to cinema one a month
Further examples	

As a further piece of research, ask people of a *different* age group for their views on the essentials of a 'normal lifestyle' for their group; if you compare the different views, you will arrive at a picture of how different groups in our society may see themselves as having different lifestyle needs.

If, for the sake of argument, we consider **absolute** forms of poverty in terms of indicators related to human biological needs

we can note a number of advantages to this form of measurement.

- **Standardisation:** The basic definition of poverty never changes, since human beings, wherever they live in the world, all have the same basic needs in terms of the things required to sustain life. Thus, when we measure poverty we are always applying the same set of rules. This makes measurement:
- **Objective:** Once we have decided what constitutes minimum or essential human needs, our definition – and hence measurement – doesn't change. **Jane Falkingham** ('A Profile of Poverty in Tajikistan', 2000), for example, notes absolute definitions are based on objective norms; we are always, in other words, applying the same definition of poverty wherever and whenever we try to measure it. This, of course, makes the concept:
- **Transferable:** Once we have identified norms that define poverty, they can be consistently applied across all societies, which allows us to compare levels of poverty on a global scale, regardless of different levels of social and technological development within different societies.
- **Social change:** Because biological needs don't change over time, absolute measures allow us to track historical changes to the levels of poverty in the same society.
- **Poverty:** This type of definition does exactly what it says on the tin – it measures poverty. It doesn't try to measure concepts like *deprivation*, *relative deprivation* or *social inclusion* and *exclusion*. It has the advantage, therefore, of being



simple, clear, consistent and easily understandable as a way of measuring poverty.

Having said this, *absolute approaches* do have several *disadvantages*, which we can note in the following terms.

- **Basic needs:** Historical and cross-cultural differences in terms of living standards make it difficult to apply a standard 'biological needs' test of poverty in any meaningful way. Using a 'minimum subsistence level' test in modern Britain, for example, would, as I have previously suggested, result in very little (if any) poverty being found.
- **Social change:** Related to the above idea, it's clear, in our society, ideas about what is and what isn't an 'acceptable standard of living' have changed – even over the course of the past 50 years. As a society changes, therefore, concepts of poverty also need to develop to reflect these changes. Thus, we need to think about:
- **Poverty** itself, in the sense of what it means to us as a society. Some critics of relative measures argue, as we will see, relative definitions measure things like social inequality, deprivation and exclusion rather than poverty. In historical terms, however, it is clear that as living standards rise people's expectations about acceptable lifestyles change – and concepts of poverty (however defined) also need to change to reflect the fact we now live in a very different type of society to the one that existed 50 or 100 years ago. If societies and individuals change, should we keep to definitions of poverty that belong to a world that has disappeared?

- **Objectivity:** There are two points we can usefully make here. Firstly, any attempt to draw a poverty line – even one as basic as 'minimum nutritional needs' – cannot be truly objective. This follows because the concept of poverty itself is a subjective condition; if you think about it, my definition of 'minimum needs' may be different to your definition – and we have no objective way of choosing between them.

Related to this idea is the fact there is no such thing as a minimum level of human need. A child, for example, will have different minimum needs to an adult and an adult male manual worker will have different minimum needs to an adult male office worker. As these examples demonstrate, even apparently objective definitions of poverty may have a cultural (subjective) basis.

Secondly, simply because we may prefer *quantifiable* – as opposed to *qualitative* – ways of defining and measuring poverty, doesn't make the former any better – or indeed worse – than the latter.

Ultimately, concepts of poverty reflect whatever a society and its members believe is an acceptable standard of living – which leads to the idea of **relative differentiation**.

Although, on the face of things, identifying needs doesn't appear to be a problem, a couple of questions arise. Firstly, as **Falkingham** (2000) notes, what exactly are people's 'needs' (are they merely biological or do they extend into cultural areas such as education?); secondly, on what level do we measure need?

For example, do we measure it in terms of individuals, families or households, or do we



extend this to include communities? Alternatively, as I have just suggested, an elderly adult has different needs to a child or a pregnant woman. In this respect, it's not simply a matter of defining a set of 'human needs' and applying them uncritically to a population that is *relatively differentiated* (that is, a population with different biological and cultural needs).

Relative definitions of poverty, on the other hand, have a number of advantages, leading from – and reflecting to some extent – the criticisms we have made of absolute definitions.

- **Realism:** Relative definitions – even the simplest ones that focus on income or budgetary requirements – more realistically reflect the nature of modern lifestyles; life in our society is, arguably, more than just the pursuit of a minimum standard of living. This follows because of:
- **Social differentiation:** As I have suggested, although we are all human this doesn't make us the same; on the contrary, people are different in a number of (socially constructed) ways. If such differences – even if we minimally consider them in terms of class, age, gender, ethnicity and region – are real, it follows any definition of poverty must attempt to reflect and capture the richness of people's social behaviour – an idea that leads us to:
- **Complexity:** If our society is a complex place, considered in terms of culture and lifestyle for example, any concept of poverty – expressed perhaps in terms of relative forms of deprivation and social exclusion – must, of necessity, be complex. Relative definitions, because

they attempt to measure a variety of different dimensions of life and lifestyle, are more likely than absolute definitions to accurately represent people's behaviour, attitudes and expectations.

In addition, therefore, we need to be aware poverty is not simply about being *economically poor* – it must also be considered in terms of things like access to education and health, general life chances, risk of illness and so forth.

Although relative definitions have significant advantages, in terms of how they conceive, theorise and attempt to measure poverty, the range of different measures and perspectives involved make for some significant *disadvantages* we can outline as follows.

- **Meaning:** Simon Maxwell ('The Meaning and Measurement of Poverty', 1999) notes how, over the years, the meaning of 'poverty' has evolved – not just in terms of ideas like deprivation and exclusion, but also in terms of more specific ideas about what is actually being measured. He notes, for example, seven different basic meanings in current use:
 - income or consumption poverty
 - human (under)development
 - ill-being
 - (lack of) capability and functioning
 - vulnerability
 - livelihood unsustainability
 - lack of basic needs.

Such diversity of meaning makes it difficult to know what, if anything, is being measured using different types of relative definition. In addition, the



question arises here of who decides the meaning of poverty? What happens, for example, in a situation where someone can be objectively defined as 'poor' but they refuse to consider themselves poor? This raises the problem of:

- **Subjectivity:** Although, to some extent, true of all ways of defining and measuring poverty, relative definitions and measurements raise a number of significant problems. For example:
 - **Objective measurements** used as indicators of relative poverty (such as in income or budget approaches), raise the question of who decides where a poverty line is drawn (as we have seen in relation to the difference between UK and European Community income-based definitions).
 - **Consensual definitions** have similar problems – people may lack knowledge and experience of poverty when they're asked to decide what features of social life represent 'normal' and 'acceptable' aspects of our general standard of living.
 - **Ethnographic (participatory) definitions** involve the basic problem that, in order to involve 'the poor' in the creation of definitions of poverty you have to categorise people as poor in the first place (which sort of limits the effectiveness of such studies).
- **Differentiation:** In the same way that a differentiated population creates problems for absolute definitions, the same is also true for relative definitions unless they are sufficiently clearly defined to reflect possible differences in population

expectations and standards. This means that:

- **Indicators of poverty** cannot be easily standardised. Cross-culturally and historically there will be different living standards that need to be reflected in the indicators used.
- **Poverty:** A pertinent criticism of relative definitions is they lose sight of poverty, as such, and instead become measures of *social inequality*. In other words, in an affluent society people can enjoy a relatively comfortable standard of living – yet still be classed as 'relatively poor'. The problem, in this respect, is that poverty becomes a function of *definition* rather than *fact*; that is, in every society where social inequality exists – no matter what the general standard of living in that society – relative poverty will always, by definition, exist.

The fact different definitions of poverty exist should alert you to the idea that different explanations for the existence and distribution of poverty (and income and wealth for that matter) have been put forward by a variety of writers working within different social and economic perspectives. The next thing we have to do, therefore, is examine a range of such explanations.

Explaining Inequality

Introduction

This section focuses on the concept of social inequality – considered in terms of the ideas



introduced in the first section of this chapter – and it involves outlining and examining a range of different explanations for the distribution of poverty, wealth and income between different social groups. In this respect we can consider a number of different perspectives on equality, firstly by outlining their key theoretical points and, subsequently, by applying these ideas to a specific understanding of inequality.

Functionalist perspectives



Preparing the ground

Thinking about social inequality from a Functionalist viewpoint, we can identify a number of key ideas that inform this general perspective, the first of which, unsurprisingly, is that of **function**. We know, from previous work we have done on this perspective, that if something exists in society it does so because it performs some important task or function. The question here, therefore, is what are the functions of inequality?

WARM UP: THE FUNCTIONS OF INEQUALITY

Using the following table as a template, suggest ways social inequality (considered in terms of three key indicators – income, wealth and poverty) might be functional for society (I've given you a couple of ideas to get you thinking).

Type of Inequality	
Income and Wealth	Poverty
Motivates people to perform necessary work	The poor do society's 'dirty work'

To understand why inequality is functional, we need to understand the basis of inequality from a functionalist perspective. In this respect, we can note modern societies are:

- **Complex systems:** That is, they involve a huge range of political, economic and social roles that have to be successfully filled and performed if society is to both function (or exist) and develop. For example, focusing on economic roles, you'll be aware of a vast number of roles (or jobs) that need to be done; to take a few at random, we need doctors, police officers, traffic wardens, dentists, people to empty our dustbins, shelf-stackers, lifeguards and, last but by no means least, burger-flippers in McDonald's. In this respect, the working world is:
- **Differentiated** in terms of roles requiring different levels of skill, training, expertise and knowledge. If this is the case, societies have to find ways of allowing people to demonstrate they have the skills necessary to perform certain jobs – if work roles were simply allocated randomly, or on the basis of who you know we'd have a situation in which anyone who fancied being a dentist could set themselves up as such. I don't know about you, but personally if someone's going to put a drill in my mouth I'd prefer it to be someone trained in dentistry, rather than a bloke who used to be a garage mechanic. For Functionalists, the best way to allocate work roles is through the 'proven merits' of each individual – hence it's important society is:
- **Meritocratic:** That is, people are required to demonstrate their abilities (by working hard in school, for example) in order to



qualify themselves for certain roles. Although **Davis** and **Moore** ('Some Principles of Stratification', 1945) have argued some roles are more 'functionally-necessary' than others – therefore, we have to ensure the best people fill them by giving them incentives and rewards (such as higher pay) – this isn't necessarily the case. Even if we leave aside the idea all roles are functionally necessary in some way – if they weren't they wouldn't exist – on what basis can we say the woman who sweeps my street is less functionally important than a bank manager?

If society is *meritocratic* (and it's not necessarily true that it is – but bear with me for the moment), it must therefore be based on:

- **Competition**, which develops in society for the performance of particular roles; some roles are more desirable, fulfilling and, of course well paid than others (which is a bit of a chicken-and-egg situation – do people compete for high paid jobs *because* they are well paid, or do they pay well because there's a lot of competition for them?). Stacking shelves in Sainsbury's is something most people could do after about five minutes training; learning how to carry out a heart transplant probably takes a little longer. Economic inequality, therefore, develops 'naturally' out of the:
- **Social division of labour**: As work is differentiated in terms of, for example, skills, qualifications and income levels, societies develop hierarchically (in the sense some jobs come to be seen as better than others). Thus, for traditional functionalism, economic inequality is both functional

and necessary for society – and to understand how inequalities of income, wealth and poverty are functional, we need to dig a little deeper.



Digging deeper

Perhaps the classic modern Functionalist statement concerning the functions of social inequality is that of **Herbert Gans** ('The Uses of Poverty', 1971), when he argued inequalities of income, wealth and poverty had '13 main functions' which we can group, for our convenience, into four main categories.

- **Economic functions** relate to ideas such as the poor being available to do 'society's dirty work' – the various menial tasks (emptying bins, flipping burgers and so forth) someone has to be prepared to do. The presence of a group of low-waged poor people also creates employment for middle class professionals (such as social workers, for example).
- **Social functions** cover areas such as *norm maintenance* – the poor 'can be identified and punished as alleged or real deviants in order to uphold the legitimacy of conventional norms'. The fact the poor are criminalised more than other social classes also, according to Gans, serves a *boundary-setting* function – it shows people where the limits of acceptable and unacceptable behaviour lie.
- **Cultural functions** include things like 'guaranteeing the status' of those who are not poor ('In every hierarchical society, someone has to be at the bottom') and as a guarantor of upward social mobility for those 'just above them in the class hierarchy'.



- **Political functions:** The poor, being relatively powerless (and less likely to vote than other social groups) can be scapegoated in various ways (for their laziness, lack of sexual morality, criminality and so forth.) Their existence also guarantees the existence of political parties to 'represent their interests', thereby providing a democratic counterweight to political parties representing the middle and upper classes.

While it is sometimes difficult to know when **Gans** is being serious and when he's taking the opportunity to poke fun at such arguments ('the poor help to keep the aristocracy busy, thus justifying its continued existence', for example), his ideas do give us a general flavour of the way Functionalists address the (sociological) problem of social inequality.

However, they are also indicative of what **Bolender** ('Robert King Merton', 2004) terms *neofunctionalism*; that is, developments in Functionalist thinking in the latter part of the twentieth century. **Gans**, for example, doesn't necessarily see poverty as beneficial to 'society as a whole' (although it may serve this purpose – poverty's political functions may encourage the democratic political process, for example); rather, he explains it in terms of how it is:

- **functional** for some groups in society (notably the middle and upper classes) and
- **dysfunctional** to other groups (the poor being the most obvious example here).

New Right perspectives



Preparing the ground

In many ways the basic ideas underpinning New Right perspectives on social inequalities reflect those of the more basic forms of Functionalist argument, in that inequalities of wealth and income are generally seen as both beneficial to, and necessary for, the health of any given society. However, New Right theory has a number of distinctive strands relating to both the way they see the relationship between society and the individual and how they view inequality. On this basis, we can start to understand New Right perspectives in terms of:

- **Individualism:** This idea sits at the very heart of New Right thinking about the nature of both people and society; ideas about individual liberty and the freedom to pursue economic goals (such as becoming wealthy) are fundamental to this perspective. From these basic concepts spring a range of ideas about 'human nature' and social organisation – the former being based on ideas about:
- **Rationality:** People are viewed as rational beings who make *informed* choices about their behaviour. In this respect, individuals, not governments, are best placed to make these choices based on a:
- **Cost/benefit analysis:** That is, before they do something, rational, calculating, individuals weigh up the possible *costs* of their behaviour against any likely *benefits*; if the benefits outweigh the costs they will do something, but if the reverse is



true, they won't (think about this in relation to crime; if the likelihood of being caught is high (the cost) this may outweigh any possible benefits and so the individual remains law-abiding). For this aspect of 'human nature' to operate effectively, social organisation has to be based, as with Functionalism, on:

- **Competition:** This is a vital aspect of economic organisation because it creates innovation, progress and wealth. Without economic competition, it is argued, society would simply stagnate – and such competition is guaranteed by the existence of:
- **Free markets:** Ideally, companies and individuals must be allowed to compete against each other, free from 'outside interference' – meaning organisations like Trade Unions and the state (the government and Civil Service bureaucracies, for example). Any interference in the workings of the market distorts competition and makes them less efficient, which is why New Right perspectives tend to be against:
- **Welfare systems** (such as the Welfare State in Britain). Any form of government-based welfare (such as unemployment or housing benefits) places limits on competition because it protects people from the consequences of their behaviour. For example, if I choose not to have children, why should I have to pay, through higher taxation, to educate other people's children? In other words, if you choose to have children you should, the New Right argue, take responsibility for ensuring they are educated.

We can apply this idea to economic behaviour generally. For example, faced

with a decision about whether to accept a low paid job or receive a similar (or greater) level of government welfare benefit, any *rational person* would choose the latter. The consequence of this may be companies competing in global markets simply relocate to countries (such as India) where wages are lower. Not only does this contribute to higher levels of unemployment, it effectively creates a group of people who become 'unemployable'. If low skill, low paid work is exported to other countries, the existence of state-financed welfare systems simply means we create a group of people who have little or no incentive to work; it creates, in other words, a:

- **Dependency culture** – a situation where an increasing number of individuals and their families literally *depend* on government welfare for their existence. This, in turn, creates what New Right theorists such as **Charles Murray** (*Losing ground: American social policy, 1950–1980*, 2001) have termed an:
- **Underclass** – people who exist 'outside' the normal limits of society. They represent a group who effectively fail to participate in the day-to-day activity of the society in which they live. Such people, according to writers such as **Murray**, are dependent on state benefits, have little or no economic incentive to work, fail to take responsibility for their families or children and are over-represented in criminal activity.

This idea, in some respects, reflects Functionalist notions of *social solidarity* – the idea people need to feel connected to and responsible for others. The underclass, because it is not integrated into mainstream society through



mechanisms such as work, is effectively excluded from the normal workings of mainstream society – except, of course, in terms of how their behaviour (high levels of illegitimacy, child and family neglect and criminality) impact on the quality of life in mainstream society.



Digging deeper

In terms of the above type of analysis, it is not difficult to understand how New Right perspectives generally view inequalities in income, wealth and poverty. We can outline these ideas in terms of four general categories.

- **Economic reasons:** Because, as I have suggested, people are seen as rational beings, they need incentives to behave in particular ways; if, as a society, people want a certain standard of living (one that involves comfortable housing, personal transport, the latest technology and so forth) they have to be *motivated* to work – and this is achieved, for the New Right, through individual responsibility, competition and the potential rewards of economic success.

A high income, for example, is a reward for working hard at school and university to get the qualifications required to become a doctor or a lawyer; in a meritocratic society, everyone has the chance to achieve these things – some choose to pursue such goals while others choose not to. The important point here, of course, is the incentive is present – people, in other words, have to be allowed to reap the rewards of their success (and, consequently, suffer the pains of their lack of ability, application or effort).

- **Social reasons:** For the New Right, societies are *moral systems* in the sense they hang together on the basis of how people view their relationship to others. Inequality, for example, is considered ‘fair’ if people are allowed the opportunity to be successful and, in so doing, keep the fruits of their efforts. Someone who, for example, ‘creates wealth’ by employing others should, in this respect, be allowed to benefit from their hard work, dedication and sacrifice. Welfare systems provided by governments, on the other hand, are *morally wrong* because they encourage people to live off the work of others.

Inequality, therefore, has social benefits because it encourages people to work to support themselves and their dependents (the family system is a crucial component of New Right thinking – it represents the ‘social glue’ that binds people together in productive work). Poverty, in this respect, is generally viewed in absolute *terms* (although, somewhat confusingly perhaps, it also has a *relative* dimension) in the sense that in modern, Western, societies (such as Europe and the USA) few – if any – people experience the absolute forms of poverty characteristic of some areas of Africa and South America. Poverty is, in this respect, relative for Western societies – it is simply part of the price that has to be paid for a dynamic, wealth-creating system.

- **Cultural reasons** for poverty (in particular), are bound up in the actions of governments (see below) in terms of the way their behaviour both enhances and restricts the expression of individual choices. In some ways the concept of



choice (about whether to pursue educational qualifications, for example) is bound up in values, in the sense of people making rational decisions about how to behave (to marry and start a family, for example – or not as the case may be). The choices people make about their lives, therefore, affect their behaviour and help to explain the social distribution of income, wealth and poverty.

Bane and Ellwood (*Welfare Realities: From Rhetoric to Reform*, 1994) identify three main ways the choices people make relate to poverty and, by extension, inequality.

- **Rational choices**, as I have already suggested, involve the idea people decide how to behave. They ‘survey the options available to them and make a rational choice of the option that will bring them the greatest satisfaction’.
- **Expectancy choices** involve the idea ‘that people make choices based on whether they expect the decision to have the desired outcome’. If a society, for example, encourages people to study and work (because they see the future benefits for both themselves and their family) this is the route most people will choose.
- **Cultural choices** relate to the culture within which people live. Middle-class cultures, for example, tend to stress values such as deferred gratification, the importance of education as a means of social mobility and the like. Lower-class cultures, according to the New Right, tend to develop a *fatalistic* acceptance of poverty – they develop into a dependency culture or a culture of poverty; a cultural situation which

locks people into poverty. As Bane and Ellwood put it: ‘If sanctions against a behaviour like unwed pregnancy are missing, it will occur’.

- **Political reasons:** For the New Right, the role of government is mainly one of creating the conditions under which people can successfully – and fairly – compete against each other for economic rewards. In this respect, government should support strong (dual-parent) families (and, by extension, *discourage* the development of single-parent families) and maintain the safety of citizens through law and order policies that allow people to go about their lives in relative comfort and safety. Governments should not involve themselves in welfare since this, it is argued, actually contributes to increased social and economic inequality in a number of ways – such as:
 - **Discouraging individual enterprise and responsibility:** Welfare, for example, has to be paid for by taxing those in work, leaving them with less of their own money and restricting their ability to provide for both themselves and their dependents. State welfare systems increase *social fragmentation* by creating resentment of the poor.
 - **Encouraging dependency** amongst the poor by locking them into a welfare system they either don’t want to escape from (for reasons already noted) or cannot escape from because they would earn less money by working than if they remained on welfare benefits.

A crucial idea here, according to **Murray** (1984), is ‘the destruction of status



rewards'; as he puts it, although 'not everyone can be rich, a person can enjoy "status" by being a hard worker or a secure provider for his or her children'. If government policies have the effect of removing status differences and rewards, therefore, social problems develop.

Social democratic perspectives



Preparing the ground

These perspectives (think in terms of New Labour in Britain since 1997) share a number of ideas with both Functionalist and New Right explanations about the distribution of wealth, income and poverty (for example, the view some form of economic inequality is both necessary and desirable); where these perspectives diverge, however, is in relation to poverty, the social characteristics of the poor and – in a significant departure from New Right thinking – the role of the state in welfare provision.

In Britain, some social democratic approaches have attracted the label of a 'Third Way' (see, for example, *The Third Way: The Renewal of Social Democracy*, 1998 and *The Third Way and its Critics*, 2000, both by **Anthony Giddens**); in other words, they seek to develop policies and explanations that sit between, on the one hand, the New Right belief that social inequality is desirable and 'Old Left' (or Marxist) belief that it is undesirable.

In this respect, social democratic perspectives tread the line between, on the one hand, seeing income and wealth inequalities as positive features of any society (for reasons we will explore in a



The Third Way?

moment) and, on the other, seeing too great a level of inequality as being damaging for both society (in terms of social exclusion, the waste of human resources and the like) and the individual, considered in terms of the problems and suffering caused by poverty. In general, therefore, we can identify the key components of this perspective in terms of five main ideas:

- **Meritocracy:** Inequality, from this perspective, is desirable as long as it is based on merit. Those who work hard, use their abilities constructively and so forth should be allowed to accumulate private wealth and achieve higher incomes. Differences between individuals and groups in terms of income, therefore, stem from this idea of merit; people have different skills and levels of qualifications, for example, and differential rewards serve to motivate people to acquire the skills and knowledge needed by different economic sectors (the dedicated and talented are thus rewarded for their efforts by higher incomes). The ability to accumulate wealth also, of course, produces income differences, since the rich are allowed to live off the (unearned) income of their wealth.

Tony Blair, in a speech to the Institute for Public Policy Research (1999),



expressed these ideas quite nicely when he argued there needed to be ‘Ladders of opportunity for those from all backgrounds, no more ceilings that prevent people from achieving the success they merit’. These views are, in turn, related to the idea of:

- **Competition** based on people having different talents, aptitudes and abilities that, by and large, they are free to use in whatever way society deems legal. However, where social democratic perspectives take leave of New Right perspectives is over the idea of a:
- **Mixed Market Economy:** That is, an economy characterised by both *private* and *public* (state owned) economic activity. Economic ownership, in this type of economy, is mainly in private hands (either individuals or, more usually, shareholders), although in some circumstances the government may own an industry (such as the railways and coal mines in the UK from the middle to the latter part of the twentieth century – known as *nationalisation*). Even where governments don’t directly own industries, however, they play an important role in the:
- **Regulation** of economic activity, through the legal and taxation systems, for example. Thus, the role of the state here might extend to things like equal opportunity laws (as happened Britain in the 1970s with the introduction of both the *Sex Discrimination Act* – making it illegal to discriminate on the grounds of sex – and the *Equal Pay Act* – making it illegal to pay men and women different rates for doing the same job). Governments may also legislate for things

like standards of workplace *safety*, a minimum wage and so forth. In addition, taxation policies may be designed to place limits on personal income and wealth and, in some instances, redistribute wealth via a:

- **Welfare state:** This involves a number of ideas; in Britain, for example, the state has provided ‘free-on-demand’ medical and educational provision, paid for by taxes on income (*production taxation*) and spending (*consumption taxation*). However, the main idea of interest in this context is that of the state, according to **Veenhoven** (*‘Social Equality and State-Welfare-Effort’*, 1992), ‘Guaranteeing their citizens a minimum level of living, by providing income supplements and/or services’.



Digging deeper

As I have suggested, social democratic perspectives explain the distribution of income, wealth and poverty in terms of the relationship between (capitalist) economic markets and the state. On the one hand, the logic of free markets dictates economic inequality is *necessary* while, on the other, the **role of the state** is one that limits the worst excesses of capitalism (in terms of the exploitation of workers, for example) and seeks to provide a safety net for those unable to compete effectively in the market place (the old, sick, disadvantaged and poor, for example).

David Marquand (*The Blair Paradox*, 1998) expresses this in the following terms: ‘A meritocratic society is one in which the state takes action to raise the level of the talents – particularly the talents of the disadvantaged – which the market proceeds



Discussion point: regulating pay

Should the government act to prevent the wealthy receiving greater than average pay awards?

As preparation for discussing this question, make two lists based on the following:

- Reasons why the wealthy should be allowed to earn as much as possible:
 - they produce the nation's wealth
 - in a free society people should be allowed to earn as much as they are worth.
- Reasons why the 'pay gap' between rich and poor should be narrowed:
 - decreases the sense of social exclusion felt by the poor
 - the wealthy already earn more than their fair share of the nation's income.

Directors' pay increases by 16%

'Company directors' pay increased by more than 16 per cent over the past year.



Top executives in the UK's leading companies now earn over £1 million annually while other directors are being paid £650,100. The basic pay of directors in the country's top 350 companies went up by an average of 9%, but with bonuses this rose to 16.1%. Around one in 10 executives enjoyed wage hikes of 20% or more in the past year, although one in eight had no salary rise at all'.

The average pay increase for non-directors was 3–4% in 2003.

Source: ITN: 08/10/04

to reward. First, the state levels the playing field. Only then does the game commence'. In this respect, therefore, the state plays a number of roles.

- An **enabling role**, in the sense of regulating economic markets (where it can), providing services (such as education) and generally promoting equality of opportunity through, for example, the legal system.

- A **protection role**, whereby the socially vulnerable are given help (through such things as unemployment, housing and disability benefits) to provide a basic standard of care and sustenance.
- A **redistribution role**, whereby the tax system, for example, is used to fund the previous two roles.

Ruth Lister ('To Rio via the Third Way', 2000) characterises this aspect of the social



democratic perspective as 'Reforming welfare around the work ethic', As she argues, 'It is work, or to be more precise paid work, which is the main focus of social security reforms designed to modify behaviour and to promote responsibility, as well as opportunity and inclusion'. The emphasis, she argues, within social democratic perspectives has moved from the concept of *social equality* to that of *equality of opportunity*, which involves:

- **Responsibilities:** The idea that the role of government is to encourage people to participate in the workplace wherever possible. Thus, various government schemes (aimed at getting, for example, lone parents into work by helping to provide childcare) are based on the idea the best way to help people escape from poverty is to turn them into working, productive, members of society.
- **Inclusion:** This involves the belief paid work – and the ability to support oneself and one's family – is the best way to tackle social exclusion. **Giddens** (1998), for example, suggests a redefinition of 'social equality' to mean '*social inclusion*' – the idea everyone should be encouraged, through state help if necessary, to play a part in the society in which they live.
- **Opportunity** reflects the central problem faced by government in a mixed market economy, namely that of how to promote social integration (or inclusion in New Labour terms) within the parameters of a fundamentally unequal society. The solution, in social democratic terms, is for governments to provide opportunities – through education, welfare training schemes and the like – for people to work.

Marxist perspectives



Preparing the ground

As a general perspective (focusing for the sake of convenience on the basic ideas shared by different types of Marxists), Marxism focuses on the idea of:

- **Conflict:** While this idea covers all types of social conflict, the main focus is on economic conflict and the relationship between:
- **Social classes:** At its most basic level, class conflict is based around the relationship between the:
 - **bourgeoisie** (or **ruling class**) – those who own and control the means of economic production (land, factories, machinery and so forth) and the
 - **proletariat** (or **subject class**) – those who sell their labour power (their ability to work) to the highest bidder.

In this respect, economic inequality – in terms of vast differences in income and wealth, for example – leads to social inequality (differences in social status, lifestyles and so forth) and is based on the concept of:

- **Profit** (or surplus value, as Marxists like to call it). In basic terms, surplus value is the difference between what an employer pays to produce commodities (goods and services that can be sold) – labour costs, general production costs, the price of raw materials and so forth – and the price for which they are able to sell these commodities.

For example, for the publisher of this book the difference between what it costs to produce (the writing, editing,



publishing and distribution costs, for example) and the price for which they sell it to you, is their profit – the ‘surplus value’ added over and above the costs of production. The main reasons for the existence of profits are, according to Marxists:

- **Exploitation:** The relationship between those who own the means of production and those who do not is, fundamentally, one in which the former exploit the latter. This is because, in a capitalist economy, ownership involves the private retention of profit. In simple terms, owners pay their workers less than the cost of whatever it is they produce and, consequently, are able to keep (or appropriate) the difference between production cost and selling price for themselves. In this situation:
- **Inequality** is an inevitable feature of life in capitalist societies. The distribution of both income and wealth, for example, will always be unequal – there will always be those who are rich and those who, relatively speaking, are poor. This follows because of the economic structure of this type of society – inequalities of wealth and income are, by definition, built into the fabric of capitalist society; they are, in short, the very bedrock (or economic base) on which this type of society is built.



Digging deeper

Unlike functionalist, New Right and social democratic perspectives that, with varying degrees of enthusiasm, see economic inequality as necessary and/or desirable, it should come as no great surprise to learn Marxists see it as neither. Where social

democratic perspectives, for example, see the reform of capitalism as a major goal – through systems of progressive taxation (the wealthy paying increasingly higher rates of tax on their income and wealth, for example, to pay for social reforms) and the like, Marxists argue social and economic inequality can only be eliminated by the revolutionary overthrow of capitalism and the subsequent development of a communist society.

However, until such a society comes into being, Marxists focus on the key question of how social inequality – based on the unequal distribution of income and wealth – is maintained in capitalist societies. They answer this question in a number of ways:

- **Ideology:** As we have previously seen, writers such as **Louis Althusser** (1972) highlight the concept of ‘Ideological State Apparatuses’ (such as the education system) and their role in convincing people they live, for example, in the best possible type of society, that social inequality is inevitable and necessary and so forth. The role of cultural institutions such as religion and the mass media are also highlighted here in terms of their ideological (or socialising) role. From this perspective, religions such as Christianity have, for example, historically stressed the importance of accepting the social order as ‘God given’ and the media project a general world view favourable to the interests of the ruling class.
- **Force:** **Althusser** (1972) points to the idea of ‘Repressive State Apparatuses’ (such as the police and armed forces) as a factor in both maintaining social order and, by extension, protecting the status quo in society. In basic terms, if a society



is fundamentally unequal and the role of the police is to uphold the law, their behaviour simply serves to 'maintain the existing unequal social order' (or, in other words, to keep things as they are).

- **Hegemony:** Part of this idea suggests people come to accept (enthusiastically or grudgingly) the existing social order. They may, for example, see it as 'right and proper' that inequality exists or they may, the other hand, want to change things but feel powerless to achieve such an aim.

Marxists point to a number of distinctive ways capitalist societies promote social inequality.

- **Economic means:** An example here might be the concept of a **reserve army of labour**. This involves the idea of people being brought into the workforce at times of full production and labour shortages and then sacked or made redundant in periods of economic downturn. Traditionally, women have, according to Feminist writers such as **Irene Bruegal** ('Women as a Reserve Army of Labour', 1979), been treated in this way – partly because of the housewife role many women are still expected to play. In this respect, the argument here is women can, more easily than men, be forced out of the public sphere (workforce) and into the private sphere (the home) because of their traditional role as domestic labourers.

In addition, groups such as the unemployed also constitute a reserve pool of labour that can be dipped into by employers when they need additional labour.

Terry Evans ('Part-time Research Students', 2002) has given this idea a somewhat novel twist by noting how, in Australia (as in many European countries) poorly paid and relatively low-status research students are employed on a part-time, casual basis to carry out university-based research. Once they are no longer required, they simply return to the pool of labour seeking further (short-term) work.

For Marxists, this idea of a labour reserve is important because it can be used to lower the wages of other employees. If a reserve army of labour exists in society – willing to be brought into and excluded from the workforce at various times – it lowers the job security of employees and makes them less likely to push for things like wage increases for fear of being replaced by people willing to work for less money.

- **Political means:** The role of the state is an important one in maintaining social inequality through the provision of welfare services. Strange as it may seem, Marxists tend to view the role of welfare provision as being crucial in maintaining inequality because it protects 'the poor' from the worst excesses of inequality. By providing a safety net, governments help to diffuse potential conflicts, lower rates of illegal activity and generally help to maintain the *status quo* from which the ruling class, quite literally, profit the most. Welfare, from this perspective, perpetuates inequality in a number of ways.
- **Poverty** is marginalised in the sense few people, if any, are allowed to fall into the kind of abject poverty that



might lead to a questioning of an economic system that allows some to enjoy vast personal income and wealth while others starve.

- **Policing:** Where governments provide for the poorest in society, one upshot of this is an increased surveillance of those who receive welfare benefits. Social workers, for example, become a form of ‘soft policing’ because of their day-to-day involvement with their clients (checking on their current situation, offering advice on behaviour changes and so forth).

Feminist perspectives



Preparing the ground

You know, from the work you did on feminism in the opening chapter, there are a variety of different feminist perspectives. However, for the purposes of this section we will consider ‘feminism in general’, in terms of the way feminists have considered and explained social inequalities.

Unsurprisingly, the traditional focus of feminist perspectives on economic inequality has been on the fact women, historically, have lower incomes (as the box opposite demonstrates), own less wealth and are more likely to experience poverty, than their male counterparts.

We can explore Feminist explanations for the relative levels of male–female inequality in terms of a range of ideas.

- **Social Segregation:** Traditionally, men and women in our society have had differential access to – and participation in – different *social spheres*. For example, men have tended to be more heavily involved in the:

- **Public sphere** of the workplace, which gave access to a range of factors contributing to social inequality (income, social networks and wider relationships, for example). Women, on the other hand, were more likely to be involved in the:
- **Private sphere** centred on the home, domestic and family roles and responsibilities.

In such a situation, female dependency on men was fairly easy to demonstrate since it involved inequalities of power based on who earned and controlled family income and who didn’t. As **Maureen Ramsay** (‘Political Theory and Feminist Research’, 1994) notes, Feminists have traditionally argued the separation of the spheres

... affect [female] access to jobs and to participation in public life generally ... inequalities at work reflect and reinforce [a] subordinate position in the private domestic sphere in that typical ‘women’s work’ is an extension of their domestic roles, and the low pay and low status attached to this work mirrors the devaluing of their domestic tasks.

However, as Ramsay suggests, a distinct separation between the two spheres can’t be easily maintained in the light of women’s increasing participation in the workplace (and the suggestion men are far more involved in family life than in the past). Office for National Statistics figures (2004), for example, show female workforce participation is only marginally (13 million as against 15 million) less than male participation.

Although a clear ‘public–private’ sphere distinction can’t be easily maintained in



Male/female income differences

Women way behind on pay

BBC News: 21/02/00

Women who choose career over family earn less during their working lives than male colleagues in the same job ... many women were being paid less than men simply because of their sex.

This backs up figures from the Equal Opportunities Commission, which says that women get paid only 80% of the average hourly male earnings. The Equal Pay Act of 1970 was introduced to prevent exactly this inequality.

Universities 'break equal pay laws'

BBC News: 04/04/00

The pay *difference* between men and women of the same grade:

- Anatomy/physiology professors: £8,000
- Veterinary science professors: £7,000
- Agriculture/forestry lecturers: £4,950
- Nursing lecturers: £1,558

UK working mothers earn less

BBC News: 06/03/02

Career women's lifetime wage losses, compared to men:

- No qualifications: £197,000
- GCSE qualifications: £241,000
- Graduate qualifications: £143,000

Lifetime wage gap between mother and father of two

- Low skills: £482,000
- GCSE skills: £381,000
- Graduate skills: £162,000

Working mothers' pay compared to men. (Centre for Analysis for Social Exclusion, 1999)

- Women with one child paid 8% less.
- Women with three or more children paid up to 31% less.

relation to British society as a whole in the twenty-first century, we can make a passing reference here to **cultural** and **subcultural differences** in male–female participation in the different spheres. Some ethnic, age and social class groups, for example, maintain a stronger sense of gender separation than others (an idea that reflects what feminists term 'areas in which gender, class and ethnicity intersect').

However, even though it may no longer be the case there is a clear and rigid gender separation between the two

spheres, we need to be aware the 'public–private' distinction may not have disappeared, as such, but merely changed in form. Feminists, for example, point to the way it seems to operate in terms of:

- **Economic segregation:** In its most general form, gender segregation operates, according to this perspective, in terms of a dual labour market.
- **Primary labour markets** involve, according to **Marshall** ('Flexibility and Part-Time Work', 1999), jobs that provide 'security, career development, firm-specific training and an extensive



benefits package'. They are also more likely to involve full-time, well-paid, work.

- **Secondary labour markets** on the other hand – as Marshall notes – 'provide little in the way of training, job security or internal promotion prospects'. They are also more likely to consist of low-paid, low-skill, part-time work whose 'most obvious and important characteristic ... in the UK is that it is undertaken by women'.

Walters ('Female Part-time Workers' Attitudes to Trade Unions in Britain', 2002) further suggests secondary labour markets are characterised by a 'plentiful supply of women seeking part-time work ... and, until recently, poor legal and social protection as employees'.

This basic distinction goes some way to explaining gendered income inequality since women are more likely than men to be involved in part-time work (as Table 5.4 demonstrates):

Employee Status	Male	Female
Full-time	11.5	6.7
Part-time	1.2	5.1

Table 5.4 Office For National Statistics (2004): Employment Activity by Sex (millions)

Although **Edwards** and **Robinson** ('A "New" Business Case For Flexible Working', 2003) characterise part-time work as a 'marginalised form of cheap labour and precarious employment largely found in low skill jobs that can be organised efficiently on a part-time basis',

writers such as **Atkinson** ('Flexibility or fragmentation?', 1987) and **Hunter** et al ('The "flexible firm"', 1993) have argued income inequality can't be exactly explained by different forms of labour market participation.

As **Marshall**, for example, notes:

It would seem females whose labour market participation is constrained by domestic responsibilities often end up working part-time for employers who offer less attractive terms for all their employees, rather than occupying peripheral jobs with firms who offer much better terms and conditions of employment to core workers.

This idea, therefore, leads to a consideration of:

- **Workplace segregation** as an explanation for economic inequality. As **Dolado** et al ('Where Do Women Work?', 2003) point out, this idea works in two ways.
 - **Vertical segregation** involves the idea particular occupations (and workplaces) are vertically stratified by gender; they involve clear gender divisions between those at the top and those beneath them. **Catherine Hakim** ('Job segregation: trends in the 1970s', 1981) expresses this idea in terms of: 'Vertical occupational segregation exists when men and women both work in the same job categories, but men commonly do the more skilled, responsible or better paid work'.

In general – even in occupations where there is a gender mix – men occupy the higher positions (and receive higher levels of income) than women. **Sarah Wise** ('Multiple Segregation in Nursing Careers', 2004), for example, points out 'Men



[are] over-represented in higher nursing grades and spend less time getting there’.

One consequence of this, as the Equal Opportunities Commission (‘Response to the Low Pay Commission’s Consultation on Extending the National Minimum Wage to 16 and 17 year olds’, 2004) notes is that ‘Vertical segregation limits career development that would enable women to earn more’.

- **Horizontal segregation**, in this context, involves the idea men and women do different types of work. The Equal Opportunities Commission (2004), for example, notes: ‘75% of working women are still found in just five occupational groups’:
 - associate professional and technical (e.g. nursing)
 - admin and secretarial work
 - personal services (such as caring for children or the elderly)
 - sales and customer service
 - non-skilled manual work.

The Commission argues: ‘Jobs which are classified as women’s work command lower wages than men’s work even when they require similar qualification levels, leading to inequalities in pay and income’.

Although we have focused on explanations for income equalities related to gender, we can note how both wealth inequalities and poverty are also related to gender (we will examine the latter in more depth on the next section).

Wealth inequality, for example has both current and historical dimensions.

- **Current dimension:** In terms of the areas at which we’ve looked, women have fewer opportunities than men to accumulate wealth through working. It may, therefore, seem somewhat surprising to note that, according to Datamonitor (2004), there are more wealthy women in the UK than men (‘Nearly 393,000 women holding more than £200,000 in cash, shares and bonds, compared with 355,000 men’). This situation is explained partly by the relatively low definition of wealth and partly in terms of **Rownlinson** et al’s (1999) observation that the highest levels of wealth are found amongst the elderly; since women live longer in our society than men they are more likely to inherit their partner’s wealth.

The *Sunday Times Rich List* (2004) paints a somewhat different picture of wealth amongst the very rich in our society. Of the richest 1100 people in Britain, 93% (1,022) were men.

- **Historical dimension:** Traditional forms of wealth distribution amongst families, for example, have followed the idea of *patrilineal descent* (inheritance down the male line). Until the nineteenth century, for example, women were effectively barred from wealth ownership and, as you might expect, change in this respect has been slow. Men, in general, have had far greater opportunities than women, historically, to accumulate wealth through inheritance.



Digging deeper

In terms of the ideas at which we’ve just looked, for ‘Second wave’ feminist perspectives at least (see Chapter 1 for a



discussion of this idea and its relationship to post-feminist or 'Third wave' perspectives) they are all, in their various different ways, underpinned by the concept of **patriarchy**. In basic terms, this involves the idea of *male domination* – something that, for feminists, is at the root of gender inequalities across all areas of society. Various forms of male domination (in the private as well as the public spheres) are supported, according to this perspective by **patriarchal ideologies** that seek to explain and justify men's continued domination and exploitation of women. In this respect, income inequalities, for example, are justified in various ways.

- **Male family wage:** That is, the idea men need to be paid more because, as *primary providers* their income is spread through the family group – an idea that ignores both the primary family role played by many women and the fact income levels between men don't reflect differences in family status; a single man doing the same job as a man with a family to support is paid the same wage.
- **Biological programming:** Some (non-sociological) perspectives (such as *sociobiology* – or *evolutionary psychology* as it now prefers to be known) argue males and females have different biology-based abilities and capabilities. **Men**, for example, are biologically programmed for aggression which makes them more suited to hunting and, its modern-day equivalent, the workplace. **Women**, on the other hand, are programmed for nurture, which makes them better suited to the home-making role. Sociological versions of this idea appear in the idea of a female:
- **Affective role** – the idea, common among traditional Functionalist writers such as

William Goode (*The Family*, 1964), women have a nurturing role to play as a counterpoint to male breadwinning roles.

As the information in the box opposite suggests, however we view the notion of patriarchy and patriarchal ideologies, in any society where economic inequality is encouraged, competition between men and women for control of resources (such as income and wealth) is likely to have a patriarchal element, given men have, historically, been better placed – both culturally and economically – to discriminate against women on the basis of sex.



Growing it yourself: economic inequality

In this exercise you are going to address the following:

'Assess explanations for the unequal distribution of wealth and income in contemporary Britain.'

As an extended piece of work you should aim to write between 500 and 750 words (more if you really want to).

To organise your answer, write 100–150 words on each of the perspectives we've examined in this section:

- functionalist
- New Right
- social democratic
- Marxist
- feminist.

Focus your writing on each explanation by re-reading the information provided and thinking about how it can be used to explain economic inequality from the particular viewpoint of each perspective.



Social Focus on Men (Office for National Statistics, 2001)

[Source: BBC News: 12/07/01]

UK is 'still a man's world'

Men are still getting a better deal at work and at home despite years of campaigning to promote sexual equality. Men do much less cooking and housework than women and are still rewarded better in their careers. The gender pay gap is still very much in evidence and men hold more high-powered jobs than women, even though more women are working.



Family life is changing, with men no longer always being seen as the primary providers, but men are still not pulling their weight in the home: 'Traditional roles in the home may still exist with women undertaking the bulk of domestic chores.'

Work life: Men also still have higher wages despite equal pay legislation, and 'outnumber women in management and in many professional occupations'. This is despite evidence men are now 'outperformed by women at many levels of education'.

The average gross wage for men is £247 a week, compared with £119 for women.

The average gross earnings for women peak in their mid-20s at about £180 a week. Men, on the other hand, steadily rise in earning potential to an average £350 a week for the ages 35–50.

This section has looked at a variety of explanations for the distribution of income, wealth and, to a limited extent, poverty. In the next section, however, we are going to focus directly on poverty as a form of social and economic inequality by looking at theories that seek to explain both its existence and persistence.

The existence and persistence of poverty

Introduction

Discussion of different explanations of the existence and persistence of poverty in this



section is organised around two main themes, based on an outline and examination of theories relating to:

- **individualistic** (or **cultural**) explanations of poverty
- **structural** explanations of poverty.

WARM UP: PERSONAL PERSPECTIVES ON POVERTY

Individually or in small groups (using the following table as a guide) identify:

1. As many **individual** reasons as possible for poverty (focusing on the idea it results from deficiencies in the behaviour of the **poor**).
2. As many **social** reasons as possible (focusing on the idea it results from the behaviour of the **non-poor**).

When you've exhausted all possibilities, as a group decide on a point score for each reason, based on the following:

- 5 points if you think it's a **very important** consideration
- 3 points if you think it's an **important** consideration
- 1 point if you think it's a **not very important** consideration

Total the points you've awarded in each column to arrive at an assessment of your personal perspective on poverty.

Individual Reasons	Social Reasons
The poor are idle and lazy	The rich take more than their fair share of economic resources
Further reasons ...	Further reasons ...
Total points	Total points

Individual (cultural) explanations



Preparing the ground

Explanations for poverty grouped under this general heading focus on the qualities possessed (or not as the case may be) by individuals and the groups to which they belong. This being the case, if poverty is a 'quality of the poor' it follows any explanation for its existence and persistence is based on some form of **absolute definition** of poverty (either biological or, more usually, cultural – a minimum level of earnings, for example). This follows because, if the behaviour of the poor is a cause of their poverty, any solution to poverty (something we will discuss in more detail in the next section) will focus on how the poor need to change their behaviour – which means there must be some form of poverty line against which to measure who is – and who is not – in poverty.

In terms of this general type of explanation, we can identify and discuss a range of different theories, beginning with the idea of a **culture of poverty**, originally developed by the anthropologist **Oscar Lewis** (*Five Families*, 1959; *The Children of Sanchez*, 1961). In his study of Mexican and Puerto Rican societies, Lewis wanted to understand poverty in a *cultural context*; that is, he wanted to understand how the poor adapted to and coped with the fact of their poverty; in this respect, he argued poverty, like any other form of cultural activity, was



socially organised. Rather than seeing poverty as simply being caused by random events (such as illness or disease) or natural forces that struck different people at different times, Lewis argued the persistence of poverty across generations meant it needed to be understood in terms of a **socialisation process.** In other words, adults who experience poverty as a set of objective conditions (such as the effects of long-term unemployment, low rates of pay for those in work, illness, disability and so forth) learn to cope with the fact of living in poverty and, in the process, pass this knowledge on to their children (in the same way those who live outside poverty pass their accumulated knowledge on to their children). The persistence of poverty, therefore, is explained by the way each generation socialises the next generation with the knowledge and skills required to live in poverty.

As should be apparent, if a culture of poverty develops it does so because it performs certain functions for the poor (hence we can associate writers like Lewis with a broadly functionalist perspective). These include:

- **Informal economies:** For example, the use of pawnbrokers as a way of budgeting on limited resources or informal borrowing and lending arrangements with friends and neighbours.
- **Present orientations:** The idea of ‘living for today’ and worrying about what will happen tomorrow or the next day when (or even if) it arrives.
- **Informal living arrangements:** For example, a lack of commitment to institutions such as marriage which would involve trying to provide for others as well as oneself.

On the other hand, a culture of poverty is, ultimately *dysfunctional* (damaging to both individuals and societies) because it represents a **self-defeating strategy.** By adapting and coping, the poor do not address the problems that create poverty in the first place (things like lack of employment and low wages). The development of *informal economies*, for example, may lead to the introduction of moneylenders into the *economy of poverty*. Borrowing money in this way may resolve a short-term problem (paying the rent, for example) but it creates a much more serious long-term problem since the money not only has to be paid back, but paid back with punitive rates of interest.

A further dysfunctional aspect of a culture of poverty is the ‘absence of childhood’. **Lewis**, for example, noted children, at an early age, were expected to be economically *active* – to ‘earn their keep’ and contribute, if they could, to a family income; the problem here, of course, was the absence of schooling – low rates of literacy were common among the poor Lewis studied – and since education is one of the main (long-term) routes out of poverty the poor were, effectively (and unknowingly) perpetuating their own poverty.

Cultural theories have been influential as a way of studying and explaining the existence and persistence of poverty and, as you might expect, they have been revised and updated over the years. The following, for example, takes one particular aspect of the culture of poverty thesis – the idea the adaptive behaviour of the poor contributes to their continued poverty – and develops it into a theory of **the underclass.** This theory, associated with New Right perspectives in the USA – through political scientists like



Discussion point: self-defeating strategies?

In small groups, construct a table along the following lines, identify some of the 'strategies for coping' developed by the poor and indicate why they might be 'self-defeating' in terms of raising them out of poverty.

Coping strategy	Self-defeating?
Leave school as soon as legally allowed	Lack educational qualifications
Further Examples	

Once you've done this, combine your ideas with those of the rest of the class and discuss the extent to which such coping strategies contribute to a culture of poverty.

Charles Murray (*The Underclass Revisited* 1999) – and Britain, through the work of politicians such as **Frank Field** (*Losing Out: The Emergence of Britain's Underclass*, 1989 and *Making Welfare Work*, 1995), argues the very poor in the USA and – to a more limited extent – Britain, constitute a 'class apart' from mainstream society. They are, according to this argument, a class who not only exist at the very bottom of the society but who are also socially excluded in terms of income, life chances and political aspirations.

Mike O'Brian ('Beyond Poverty', 1997) notes New Right theorists frequently make an important (ideological) distinction between two groups.

- The **deserving poor** – those who, through little fault of their own, find themselves in poverty (and who, to some extent, try to lift themselves out of this situation – hence the idea they are deserving of help). This group, for example, might include the 'working poor' who struggle to exist on low wages.
- The **undeserving poor** – those who are (supposedly) happy to exist on the margins of society, living off state benefits, indulging in various forms of petty criminality and who, for whatever reason, make little or no effort to involve themselves in the day-to-day life of mainstream society.

Chris Jencks ('What is the Underclass – and is it Growing?', 1989) argues that, on the basis of this type of distinction, New Right perspectives generally talk about the undeserving poor in terms of three types of failure:

- **moral:** they routinely indulge in deviant/criminal behaviour
- **economic:** they are unable (or unwilling) to get paid work
- **educational:** they lack cultural and educational skills and qualifications.

The underclass, therefore, are seen to contribute to their own social exclusion by their rejection of the values and norms of wider society. In other words, membership of the underclass is defined in terms of the choices made by its members; for example, the failure to pursue educational qualifications leads to economic marginalisation and the development of a morality based around criminality and a dependence on the rest of society to support



their deviant lifestyles through state benefits. In terms of who the undeserving poor actually are, their **membership** varies according to different writers. **Peter Saunders** (*Social Class and Stratification*, 1990), for example, identifies the underclass in terms of the poor, educationally unqualified and those irregularly or never employed.

Ruth Lister ('In Search of the "Underclass"', 1996), on the other hand, argues the New Right generally characterise membership in terms of 'those distinguished by their undesirable behaviour', examples of which include:

- illegal drug-taking
- criminality and casual violence
- illegitimacy
- failure to find and hold down a job
- truancy from school.

In addition, disproportionately represented amongst this class are:

- ethnic minorities (especially, but not exclusively, Afro-Caribbean)
- people trapped in run-down council estates or decaying inner cities
- young single people
- single-parent families.

For the New Right (especially in the USA), the development of an underclass is, somewhat perversely, also a consequence of the behaviour of mainstream society, in two main ways.

- **Welfare systems** providing various forms of economic support shield the poor from the consequences of their behavioural choices. By supporting poverty, welfare systems also support:

- **Deviant lifestyles and moralities:** The poor are shielded from the effects of the moral choices that contribute to their poverty. For example, single parents who choose to have children they cannot support (because they can't work and look after children at the same time) are actively encouraged by a welfare system that effectively pays (through benefits funded through taxation) for their (deviant) moral choices.

These ideas lead to a further theory of poverty, closely related to that of the underclass, namely a **dependency culture**: The basic idea here is the existence of state welfare systems and payments both *supports* and *traps* the poor in poverty, depending on the particular view of the underclass adopted. In this respect, we can note three basic views about the relationship between a dependency culture and the underclass.

- **Generosity:** Benefits are so high they provide the underclass with a comfortable existence for little or no effort.
- **Baseline:** Although benefits may not provide a comfortable lifestyle, the fact the poor can live without (officially) working means they are free to involve themselves in the *hidden economy* (the world of cash-in-hand, tax-free work as well as various forms of economic criminality).
- **Low-wage work:** Members of the underclass, almost by definition, lack the educational skills and qualifications to find highly paid work. Their working options, therefore, are largely limited to low-skill, poorly paid work. Where welfare benefits are pitched at even a reasonably generous level, therefore, it is



not in the economic interests of the underclass to take low-paid employment. It is interesting to note, in this particular context, the New Right 'solution' to this problem is not to force employers to pay higher wages (since that would interfere with the workings of free markets) but rather to cut the level of state benefits.

In any of these situations, those who become dependent on the state for their existence become detached from wider society and are effectively excluded from participation in that society. **Mike O'Brian** (1997) characterises this New Right view of dependency in the following terms:

Beneficiaries, it is argued, constitute a separate culture . . . with a different set of values and beliefs from the values and beliefs that exist in the society at large. 'Dependence' is a state enjoyed and relished. It is an argument . . . reflected, for example, in the . . . claim five-year-olds were entering school looking forward to life on social security benefit as their occupational aspiration.

In Britain, the idea of an underclass has tended, politically, to be expressed in a slightly different form. Although US New Right theorists (such as **Murray**) generally focus on the qualities of the poor as the cause of their poverty, British writers like **Field** have, in some senses, characterised the 'underclass poor' as victims of **forces of expulsion** from society, which include:

- unemployment
- widening class differences
- exclusion from rapidly rising living standards
- hardening of public attitudes to poverty.

In this respect, a softer version of underclass theory, largely associated with social

democratic perspectives on poverty, has developed around the concept of **social exclusion**. **Katherine Duffy** ('Social Exclusion and Human Dignity in Europe', 1995) defines social exclusion as the 'Inability to participate in the economic, political, social and cultural life of a society' (which, if you think about it, sounds very much like a definition of relative poverty). The notion of exclusion reflects, according to **Howarth** et al ('Monitoring poverty and social exclusion', 1998) 'Renewed concern about not just poverty, but the degree to which groups of people are being excluded from participation in work, lack full access to services and in other ways find themselves outside the mainstream of society'.

From this perspective, therefore, while poverty may have many causes, some relating to wider structural influences (such as economic changes within labour markets – discussed in more detail below – that create widespread unemployment) and some relating to the lifestyles and culture of the poor, the 'problem' for mainstream society is considered to be one of **social integration**. In other words, the political problem of how to ensure the poor do not become culturally (as well as economically) detached from mainstream society. The government funded Social Exclusion Unit, for example, has identified three general areas of potential social exclusion and suggested ways of reintegrating the excluded in terms of their:

- **Physical environment:** This involves integrating people by improving local and national transport systems, housing and neighbourhood renewal, community regeneration and so forth.
- **Cultural environment** measures involve cutting crime and teenage pregnancy,



reducing the fear of crime, improving access to educational training and skills and ensuring health services are accessible to those who need them most.

- **Economic environment:** This involves understanding the causes of unemployment (and its relationship to areas such as health and crime). Social integration initiatives have also focused on paid work as an inclusive force. Schemes to involve the unemployed in training and employment (so-called ‘welfare-to-work’ schemes) have also proved a popular political solution to social exclusion.

Discussion point: inclusion and exclusion

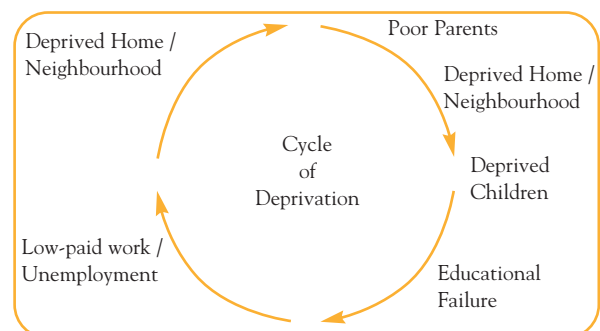
In small groups, use the following table as the basis for identifying some of the ways the poor may be socially excluded from mainstream society.

For each way you’ve identified, what policies could be developed by governments to ensure social exclusion doesn’t occur?

Forms of exclusion	Policies?
Living in run-down housing estates	
Truancy from school	Prosecute parents who don’t send their children to school
Further examples	

In Britain, the social democratic concept of exclusion is subtly different from the New Right version of underclass theory; where the latter locates poverty in the behaviour and practices of the poor – **Horowitz** (‘On the Dole in United Kingdom’, 1995), for example, sees poverty as being explained ‘more by self-destructive behaviour (sic) – crime, drug abuse, bearing children out of wedlock and a lack of commitment to education – than mere material want’ – the former sees poverty in terms of a mix of *material* and *cultural* factors.

As **Welshman** (‘The cycle of deprivation and the concept of the underclass’, 2002) argues: ‘In drawing on the concept of social exclusion, New Labour has been keen to distance itself from the longer-term “underclass” discourse’. Keeping this in mind, therefore, we can note how the idea of social exclusion has been based on the idea of a **cycle of deprivation** (pictured overleaf). For this type of theory, deprivation is usually considered in terms of *material* factors (such as a low family income) having cumulative, cultural, effects. A simple example might be parents living on a low income (material deprivation) means their children have a poor diet, which causes health problems and missed schooling and leads to educational failure (cultural deprivation) which, in turn, leads to low-paid, low-skill work.





When these people start families of their own, the cycle begins anew.

An example of this type of theory might be expressed in the following report of research suggesting a link between poverty and school truancy.

This theory, as I have represented it, doesn't involve the poor being 'committed to poverty', nor are they (directly) to blame for their poverty (a process sometimes called

'Link between Poverty and Truancy'

Children are more likely to skip school if they come from poor families. Research carried out by Ming Zhang found a close link between poverty and truancy among primary school children. The study, examined statistics from London boroughs between 1997 and 2000.

[BBC News: 07/07/02]

'*blaming the victim*'). Rather, a range of social and economic factors, whose effect is *cumulative* (hence the idea of a cycle or chain of events), lead to the persistence of poverty down the generations.



Digging deeper

Although we will look more closely at cultural explanations in the next section (which discusses possible solutions to poverty), we can note a number of general ideas about the basic concept of **cultures of poverty**. When we think about this idea (as originally theorised and presented by Lewis) we need to ask three basic questions:

- **Do they exist?** Although the concept itself is a plausible one, it depends for its currency on the existence of a reasonably stable group of people, co-existing in poverty over time (and by time we're talking generations). The evidence we have suggests poverty – at least in Western societies such as Britain – doesn't necessarily have this basic characteristic.

Drever et al ('Social Inequalities', 2000), for example, note that, measured in terms of income, in the six years between 1991 and 1997, 50% of the bottom fifth of the UK population (in other words, the very poorest in our society) moved out of this category. This suggests, at the very least, a large population *churn*, something also suggested by **Jarvis and Jenkins** ('Changing places', 1997) when they note:

Although only a minority of the population have a low income in any given year, many more people experience low income at least once over a four-year period . . .

Fluctuations in income are experienced by people at all income levels. There is some evidence that mobility is greater in the very poorest and the very richest income groups.

On the other hand, **Jarvis and Jenkins** also note that, as ever, concepts of poverty largely depend on where a poverty line is drawn: '90% of those in the poorest tenth of the population remain in the bottom three-tenths a year later'. The situation is further confused if we focus on a particular group of poor.

Howard et al 'Poverty: the Facts', 2001), for example, argue poverty is likely to last longer for children, in the sense that where children are born into poverty (as



opposed to becoming poor, for whatever reason, in later life) they find it very difficult to escape from that poverty – it is, they argue, something they carry with them into adult life. The Department for Work and Pensions ('Low Income Dynamics', 2002), confirm this idea when they note how movement out of extreme poverty in the UK tends to be not very far.

What these types of study suggest, perhaps, is that people experience different *types* of poverty throughout their lifetime – from extreme forms to less extreme forms (whatever, in practice, each form might involve). In other words, just because we may be able to classify people as 'poor' it doesn't simply follow they all have the same, shared, experience of poverty. If the evidence for the existence of a relatively stable group is, at best, inconclusive, a further question to ask is:

- **Are the poor homogeneous?:** In other words, if we assume, for the sake of argument, a 'hard core' poverty-stricken group does exist in our society, do they have the same basic social and cultural characteristics? When we look at 'the poor' in our society, although it's possible to identify broad groups with similar characteristics, the evidence for homogeneity – and hence the development of cultures of poverty – is patchy. We can, for example, note:
 - **Ethnic minority groups**, particularly Pakistani and Bangladeshi minorities, feature more heavily in poverty statistics, according to Oxfam ('The facts about poverty in the UK', 2003).
 - **Regional variations** in our society exist in the extent, experience and

distribution of poverty. **Department for Work and Pensions** ('Households Below Average Income', 2002) statistics, for example, show the North-East and South-West of England experience higher levels of poverty than the South-East of England.

- **Age variations:** Different age groups have different experiences of poverty – to be young and poor is different to being elderly and poor, for example.
- **Women** are more likely than men to be at risk of poverty (Department of Social Security: 'Households Below Average Income', 2001) and reasons for this include the greater likelihood of their being single-parents and, because of longer life expectancy, widows. This observation, however, leads us to our final question, namely:
 - **Is poverty communal?** A significant aspect of cultures of poverty is their communal character; such cultures develop in a situation where the values and norms of the poor are continually reinforced by people in similar social situations. However, it's interesting to note how, when those in poverty speak for themselves, they repeatedly stress its isolating effects (as the following examples demonstrate).

Poverty is isolating. You do not want anyone to know what you are feeling . . . you put on a brave face and do not let anyone into your private life.

In part it is about having no money. It is also about being isolated, unsupported, uneducated, unwanted.

Source: UK Coalition Against Poverty Workshop 2000



In light of the above, **Karen Moore** ('Frameworks for understanding the intergenerational transmission of poverty', 2001) argues:

'Controversial 'culture of poverty' theories suggest people become and remain poor due to their beliefs and behaviours . . . it may be more relevant to consider 'cultures of coping' among the poor, and 'cultures of wealth' among the rich and middle class as significant factors in keeping the poor in poverty'.

Rather than thinking in terms of a *culture* of poverty, **Moore** suggests we should view poverty in terms of **Inter-Generational Transmission (IGT)**. This represents a sophisticated attempt to understand the persistence of poverty in terms of the interplay between a range of cultural and structural factors. In addition, it provides a bridge between the overtly cultural theories we have just examined and the 'structural poverty' theories we'll consider in more detail in a moment. **Moore** outlines the key elements of **IGT** as being the 'Intergenerational transfer . . . and absence of transfer of different forms of capital: human, social-cultural, social-political, financial/material and environmental/natural'. In other words **cultural transmission** is a complex process involving a wide range of possible *capitals* we can group, for convenience, under two main headings.

- **Material capital** involves things like parental ability to provide financially for children. **Gregg et al** ('Child development and family income', 1999), for example, used a *longitudinal study* of children born in 1958 to show how 'Social disadvantage during childhood is

linked to an increased risk of low earnings, unemployment and other adversity by the age of 33'.

- **Non-material capital**, which includes things like cultural traditions, values and experiences. **Shropshire and Middleton** ('Small expectations: Learning to be poor?', 1999), for example, noted how non-material values were transmitted between generations. Children of single-parent families, for example, had 'lower expectations about their future than their peers' – they were, for example, less likely to consider professional qualifications and occupations.

Structural explanations



Preparing the ground

This type of explanation for the existence and persistence of poverty examines the way behavioural choices are limited (or extended) by structural factors in society. Whereas the kind of theories we've just considered (individual or cultural) share a couple of common themes (the behaviour of the poor is a social problem and the causes of poverty are found in the attitudes and lifestyles of the poor themselves), for this second set of theories the causes of poverty are located in areas such as the behaviour of governments and/or the wealthy and economic changes in society. We can identify a range of structural theories of poverty, beginning with the idea of **labour market changes**. Since the Second World War at least, our society – in common with



Growing it yourself: IGT

The following table provides general examples of each type of capital identified by Moore (p. 33).

Intergenerational forms of capital	
Type of capital	Example
Human	Labour contributions (from children/older people to working generation). Investment of time and capital in education/training. Knowledge/skills useful as part of coping and survival strategies.
Financial/material	Money and assets. Insurance. Inheritance, bequests. Debt.
Natural/environmental	Pollution and ill-health Lack of work in urban/rural areas Lack of affordable transport
Socio-cultural	Educational opportunities. Parental investment in child's education. Parents' experience of education. Traditions and value systems.
Socio-political	Ethnicity; gender; class; family background; religion; disability; access to key decision-makers.

For each type of capital in turn, write a paragraph (120-150 words) in the following format:

- **Identify** the type of capital you are discussing.
- **Define** what it involves.
- **Explain**, using an example, how its transmission between generations can advantage/disadvantage the poor and/or the non-poor.

many societies around the globe – has witnessed a relative decline in manufacturing industry, in terms of the number and type of products built and the number of people employed. One reason for this, as the following extract (**Roland Gribben**: 'Dyson production moves to Malaysia') illustrates, is the relocation of some manufacturing industries from the UK

to other countries (where production costs are much cheaper).

Alongside this long-time decline, however, has been a general rise in the numbers employed in service industries (such as banking, information technology and communications at the well paid end and call centres and sales at the low paid end).

**Dyson production moves to Malaysia**

Roland Gribben: 21/08/03

'Entrepreneur James Dyson was involved in a fresh row over exporting jobs yesterday after announcing he planned to switch production of washing machines to Malaysia with the loss of 65 jobs. The decision means the end of manufacturing for Dyson in Britain after last year's decision to move vacuum cleaner production to Malaysia, where production costs are 30% lower. The transfer resulted in the loss of 800 jobs'.

We can note how such changes have impacted on poverty in a number of ways.

- **Unemployment:** Although this concept, for a variety of reasons, is difficult to reliably measure (different governments, for example, use different indicators of unemployment), it is clear one consequence of changing labour markets over the past 25 years in Britain has been fluctuating levels of unemployment – something that's especially true among manual workers (one consequence of the loss of manufacturing jobs). We need to note, however, unemployment and poverty – where they are related to the loss of such jobs – are:
- **Regional:** In this respect, experience of poverty in the UK can be characterised as *fragmented*. Areas, such as the North of England and Scotland, with high levels of manufacturing (such as car assembly and ship building) and extraction industries (such as coal mining) have experienced higher levels of unemployment than areas with lower levels of manufacturing and higher levels of service industry, such as the South East of England.
- **Bennett et al** (*Dealing with the Consequences of Industrial Decline*, 2000), for example, note how 'Coalfield communities remain blighted by widespread unemployment, long-term sickness and poverty a decade after the collapse of the mining industry' and **Evans et al** ('Geographic patterns of change', 2002) have noted that although 'Every neighbourhood in England has benefited from strong economic growth and falling unemployment since the mid-1990s', the rate of change has varied. This has led, they argue, to greater polarisation between the richest and poorest regions.
- **Income:** Although levels of measured unemployment have fallen in recent years, a further consequence of labour market changes has been the replacement of relatively high paid manufacturing work (especially semi and skilled manual jobs) with lower paid, insecure, service sector work. As **Bennett et al** (2000) note:
Companies have been able to hire people willing to work flexibly for low wages, often in non-unionised workplaces. The new jobs have often been part-time . . . Much of the work created has gone to women – creating tensions in communities where men have traditionally seen themselves as breadwinners.
- **Globalisation:** A further structural development we can note is the insecurity of some service sector jobs (call centres being an obvious current example – as the following extract illustrates). The globalisation of telecommunications and computer technology, for example, has opened up opportunities for companies to



employ cheaper labour, in countries such as India, to service customers in the UK.

Profits of loss

Charlotte Denny: *The Guardian*,
25/11/03)

South Africa and India are the new destinations of choice for British companies looking to cut costs. Call centres and IT processing, and even such high-skilled work as pharmaceutical research, are being 'offshored'. White-collar workers are discovering they are as vulnerable to competition from cheaper workers abroad as steelworkers and shipbuilders a generation ago. Unions fear the service sector is about to repeat the experience of manufacturing, which has lost 3.3m jobs since 1980.

A second form of structural argument, related to the idea of labour market changes and the impact of economic globalisation, is the idea – largely associated with Marxist perspectives – that some form of poverty is **inevitable** in capitalist society. This follows because such societies are, by definition, unequal in terms of the distribution of wealth and income. In any economic system where competition is the norm, relative differences will always exist. The main question here, however, is how you define poverty. In **absolute terms**, for example, few people in our society could be considered poor; in **relative terms**, however, it is clear there are wide disparities between the richest and poorest sections of society. More controversially perhaps, we could note the idea of poverty as a **necessary** condition of capitalism – the idea that the existence of

the poor (or relatively deprived if you prefer) is useful for a ruling class since they can be used as a *reserve army of labour* whose existence can be used to control wage levels and hence profitability.

One aspect of this 'necessary and inevitable' relationship between poverty and capitalism is the concept of **social segregation**. Structural theories of poverty have suggested the existence of economically segregated groups leads to social segregation and, in some instances, physical segregation – the existence, for example, of private *gated communities* that are a feature of some US cities and which are increasingly common in the UK.

Atkinson and Flint 'The Fortress UK?', 2004), for example, found 'around 1000 such developments' which, they argue, relate to 'patterns of interaction and separation which suggest an attempt to reduce fears of victimisation and promote privacy'.

One downside of poverty (for a ruling class) is the fact the poor – as with other members of society – are *consumers*; if they can't afford to buy goods and services, profitability suffers. For many Marxists, therefore, the idea of a welfare system is significant, mainly because it provides some form of safety net for those at the bottom of society. This leads us to note a further aspect of structural approaches to poverty, namely the **structural limits of welfare**. Although this idea has numerous dimensions, we can understand it by noting an example of the limitations of welfare systems in relation to poverty – namely, the idea of a **poverty trap**. In any *means-tested* welfare system (that is, one in which people receive different levels of benefits based on things like their income and savings), the problem of a poverty trap is always likely to exist. This is because, as



someone's income rises (they move, for example, from unemployment into work or from part-time to full-time work) their welfare benefits are accordingly reduced.

For example, if for every extra £1 earned through employment, state benefits are similarly reduced, this creates a disincentive to work (if you're unemployed) or to take full-time work (if you're employed part-time). This is because, effectively, you're not being paid any extra money for the extra work you do. In an attempt to reduce this 'disincentive to work', benefit reductions are increasingly staggered as earnings increase. However, according to Department for Work and Pensions figures ('Opportunity for All', 2004) over two million Britons are currently caught in a poverty trap.

One reason for this involves considering a slightly different example – a situation where an unemployed person with a family to support loses a range of benefit payments if they find employment. If the level of income they lose from the state isn't matched or exceeded by the income they can get from paid work, this individual (and their family) will, effectively, be worse off if they take paid employment.

A final aspect of structural approaches to poverty we can note is the idea of the **feminisation of poverty**. According to the **Institute of Development Studies** ('Briefing paper on the "feminisation of Poverty"', 2001), 'there is little clarity about what the feminisation of poverty means'. Notwithstanding this unpromising start, the concept generally relates to the idea the existence and persistence of poverty can be linked to female lives (as head of households) and experiences (of low-paid, part-time, work, for example). In this

respect, the argument is that women experience:

- more poverty than men
- worse poverty than men
- an increasing trend to greater poverty.

Elisabetta Ruspini ('Engendering poverty research', 2000), for example, argues any structural analysis of poverty needs to take account of its **gendered nature**. That is, the idea men and women – even of the same social class or ethnic grouping – experience poverty in different ways. For example, welfare and insurance systems reflect, according to **Glendinning and Millar** ('Poverty: the forgotten Englishwoman', 1999), 'their different access to, and levels of, income replacement benefits'.



Digging deeper

Structural approaches, as I have indicated, focus on the way economic organisation and relationships create and sustain both wealth and poverty. In this respect, although such relationships have clear *cultural* effects (in terms of who is – and who isn't – likely to experience poverty), structural poverty theorists argue that to understand the existence and persistence of poverty it is necessary to understand its wider theoretical context; people fall into – or fail to get out of – poverty *not* because of their individual and social character deficiencies but because of way society is structured against them.

Poverty, from this perspective, forces people to behave in certain ways. Thus, although **Lewis** originally argued cultures adapt to social and economic conditions and, in the process, develop and perpetuate self-defeating strategies, structural theorists argue these strategies are not necessarily



chosen from a wide range of possibilities; rather, they are 'chosen' because they are the only ones available to the poor. Rather than blaming the victims of poverty for their poverty, therefore, structural approaches seek to understand how and why there are victims in the first place. Given this observation, we can dig a little deeper into structural approaches by thinking, in the first instance, about poverty as **risk**. This approach starts by taking note of the structural factors in any society relating to poverty. For example, we have already noted a selection of these in terms of things like: the nature of the economic system; regional differences relating to different types of labour market (and how changes in labour markets result in differences in employment and unemployment) and the impact of globalisation on national and international markets. In addition, we have noted how the risk of poverty may be associated with cultural factors such as gender and ethnicity.

Once these structural factors have been theorised, poverty can then be generally mapped in terms of our ability to identify different social groups who are at greater risk of poverty than others. This concept of *risk-mapping* moves us away from the simple cultural identification of 'at risk' groups – characteristic of individual approaches to explaining poverty – for a couple of reasons.

- **Structural conditions:** Different structural conditions create greater or lesser risks of poverty (which, as ever, will always depend on how poverty is defined).
- **Poverty conditions:** We have noted a central problem with individualistic/cultural theories of poverty is the fact those considered to be 'in poverty' at any

given moment do not necessarily remain in poverty all their lives. On the contrary, the *cyclic nature of poverty* frequently means people (or whole groups) move into and out of poverty at different points in their *life cycle*. This suggests, therefore, that although the identity of 'the poor' may change – in terms of specific individuals – the condition of poverty itself remains; it simply involves different people at different times.

We can understand this idea by thinking about **Richard Berthoud's** observation ('Incomes of Ethnic Minorities', 1998) that 'Pakistani and Bangladeshi families in Britain are almost four times as likely to be living on low incomes as white households'. Berthoud identifies four major 'risk factors' for these groups:

- high male unemployment
- low levels of female economic activity
- low pay
- large family size.

The point to note, here, is not that poverty is explained in terms of the specific cultural characteristics of these minorities; rather, it is that any group sharing these characteristics is likely to risk falling into poverty.

Similarly, **Bardasi and Jenkins** (*Income in later life*, 2002) found the 'risks of old-age poverty for those retiring early are strongly linked to occupation'. Managerial and professional workers, as you might expect, have a reduced risk of poverty – but so do manual workers. Clerical or sales occupations, craft and service workers (police officers and waiters, for example) on the other hand 'may be especially vulnerable if they stop work early'.



Although the general concept of *risk* can contribute to our understanding of poverty, attempts have been made to refine this idea in order to relate it specifically to structural factors. We can look at an example of this in terms of **memberships theory**. **Steven Durlauf** ('Groups, Social Influences and Inequality', 2002), argues this type of theory can be used to examine how poverty is related to the way 'various socioeconomic groupings affect individuals' and their behavioural choices, in terms of two different types of group.

- **Exogenous** group membership would include things like gender and ethnicity. In a sense, we can think of membership of these groups largely in terms of *ascribed* characteristics; for example, as we have seen with ideas like the feminisation of poverty or the relationship between ethnicity and poverty risk, individual life chances can be generally related to membership of such groups.
- **Endogenous** group membership, on the other hand, relates to the specific social and economic circumstances of the individual – **Durlauf**, for example, points to areas such as residential neighbourhoods, school and work relationships as being significant factors in the poverty/non-poverty equation.

In this respect, *memberships theory* examines the interplay between structural factors, in terms of how, for example **economic segregation**, through unemployment and low pay, for example, leads to:

- **Social segregation**, in terms of the idea the poor and non-poor lead different types of life, have different cultural lifestyles and so forth, which, in turn leads to:

- **Physical segregation**, in terms of rich and poor living in different areas, the development of private, gated, communities and the like.

We can summarise these ideas in the following terms: **structural factors** determine the general extent of poverty/deprivation in any given society. In the UK, for example, general living standards are different to some parts of Africa and South America. In turn, these factors influence the **behavioural choices** of the rich and the non-poor, in terms of their general cultural characteristics (such as their lifestyles) which, in turn, place **cultural limitations** on the behavioural choices of the poor, effectively trapping them in poverty through their own group memberships and apparent behavioural choices.

For example, schools in poor neighbourhoods may have lower status and funding, which perpetuates lower educational achievement and contributes to a 'cultural poverty trap' that sits alongside the kinds of possible economic poverty traps we have outlined above.

In short, therefore, this theory argues structural factors *determine* the development of membership groups that, in turn, *perpetuates* the risk of poverty.

Having suggested a range of individual/structural explanations for the existence and persistence of poverty, the next thing we can usefully do is look at how different perspectives and theories have produced different *solutions* to poverty.



Solutions to poverty

Introduction

This section looks at different solutions to poverty, with particular reference to the role of social policy, and we can combine the organisational structure of the previous two sections as a way of providing a general continuity to our exploration and understanding of poverty. This section, therefore, is generally organised around the two basic approaches to poverty outlined in the previous section (individual and structural approaches). Within each general category we can locate the various perspectives on poverty we encountered when examining explanations for the distribution of poverty (which, to refresh your memory, were: New Right, social democratic, Marxist and feminist perspectives).

WARM UP: SOLVING POVERTY?

As a class, use the following table as a template for suggesting possible 'solutions to the problem of poverty' in our society. For each solution, identify possible problems it might create.

Solving poverty?	
Possible solution	Possible problems?
Minimum wage	What level should the minimum be set?
Abolish all welfare	Will this create social problems?
Further examples	

We can begin this section by looking firstly (for no particular reason) at possible **cultural solutions** to poverty which, for our purposes, involve examining New Right and social democratic perspectives.

New right solutions



Preparing the ground

From this perspective, 'solutions to the problem of poverty' are constructed around three general areas.

Economic liberalism

For the New Right, the crucial variable in any fight against poverty is the creation of wealth and, from this perspective, economic inequality is the means towards securing the best possible standard of living for the largest number of people.

Although *inequality* may, at first sight, seem an unlikely means towards securing this general aim, we need to remember New Right perspectives generally subscribe to an absolute definition of poverty. Thus, although there will always (necessarily) be inequality, how poverty is defined is crucial to its solution.

A simple way to illustrate this idea is to think in terms of the total amount of wealth in a society as being like a cake (an *economic cake*, if you will – see below).

As I trust this example has shown, the important idea here is neither 'who owns what amount' of the total wealth in any society, nor their relative share of total wealth. Rather, the most important idea is



the greater the amount of wealth created and owned by a society the wealthier will be its individual members (that, at least, is the theory according to New Right perspectives).

We can, in passing, note a number of ideas related to the general principle of economic liberalism.

- **Wealth creation:** Given the key to solving poverty is to create wealth, individuals must be allowed free reign (within certain limits defined by fair competition) to make money. This, as you might expect, involves competition within the economic market-place.
- **Legal safeguards:** For wealth creation to occur successfully, certain preconditions need to be in place. These, for example,

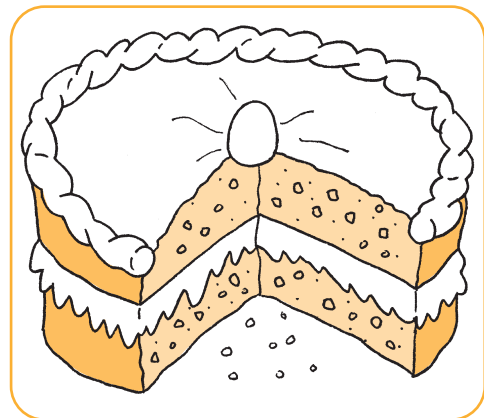
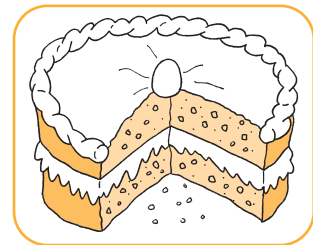
relate to things like how wealth may be legally acquired and kept (privately, since you ask). The role of government is seen to be that of enforcing rules of fair competition, safeguarding the rights of property-owners and the like. Any society that allows unproductive individuals (or criminals as they're sometimes known) to steal from wealth producers is effectively creating a huge disincentive to wealth creation – an idea that leads into:

- **Low taxation:** The activities of criminals are not the only disincentive to wealth creation; the more a government takes from people in taxation, the greater is the disincentive to create wealth. For the New Right, no personal taxation would be the ideal, but some form of taxation is

The Economic Cake

In the first illustration imagine the share of total wealth (including, for the sake of argument, income) owned by the poorest 50% of the population is represented by the missing slice. In this instance, let's further imagine the poor do not have a large enough share of total wealth to keep them out of absolute poverty.

In the second illustration, the cake has increased in size and, although the *relative shares* are the same (assuming, once again, the missing slice is the share of wealth owned by the poorest 50% of the population), those at the bottom of society now have enough wealth to keep them out of absolute poverty.





required to maintain the second general idea, namely a:

- **Minimal state:** Thomas Sowell (*A Conflict of Visions*, 2002) notes how the New Right sees the main role of government as ensuring the operation of free economic markets, in terms of setting and maintaining basic ‘rules of social order’ (as I have noted, free markets are only seen to operate efficiently and successfully under conditions of personal security). The state, however, does not have a role to play in providing:
- **Welfare systems** for the poor. This is because welfare is seen to; shield people from the consequences of their behaviour (an inability to compete in the market place because they have failed to gain the qualifications they need, for example); distort the workings of markets by providing a safety net for failure (the New Right, as I hope you have discovered, don’t mince their words in this respect); create disincentives for those in work because a proportion of their income goes to support those who exist within a dependency culture (namely, the underclass).

Poverty

In terms of the above, New Right solutions to poverty are based around two major policy areas.

- **Free markets:** Business should be privately owned and subject only to very light regulation by the state (minimum wage levels, for example, shouldn’t be set by law). Private businesses represent the means to ‘expand the wealth of the nation’, thereby ensuring everyone is kept out of absolute poverty.
- **Anti-welfarism:** The existence of welfare systems is seen as part of the ‘problem of poverty’ and part of any solution must be to remove the poor from dependence on the state by eliminating most forms of state-sponsored welfare.

Social policy

In terms of social policy, therefore, the *Market Liberal* approach outlined above – characteristic of New Right writers such as **David Marsland** (*Welfare or Welfare State?*, 1996) – involves a number of specific ideas for resolving the twin problems of an underclass and a dependency culture.

- **Universal welfare provision** is *harmful* to society because it limits personal freedom of choice and responsibility. It should be abolished. It fails to help those who most need help (which reflects the distinction between the deserving and undeserving poor we noted in a previous section).
- **Private insurance systems** should be encouraged to allow individuals to choose their personal levels of insurance. This encourages personal and family responsibility.
- **Family groups** (by which is generally meant dual-parent, heterosexual families) should be encouraged and aided by the state since it is this group, governed by ideas of love, trust and affection, that forms the cornerstone of personal and social responsibility. In other words, where people require help they should look first to their family, not the state.
- **Charitable and voluntary groups** should be encouraged to support and supplement the basic welfare provision provided within the family.



Growing it yourself: removing the safety net?

In small groups, use the following table as a template to evaluate New Right ideas about welfare systems provided by the state by identifying possible arguments for and against state provision.

Welfare Provision	
Arguments for private provision	Arguments for state provision
People should be free to choose how to spend their income.	Ensures those who fall into poverty are helped.
	Provision for those unable to care for themselves (the sick and elderly)
Further arguments	



Digging deeper

When thinking about New Right explanations for – and solutions to – poverty, they assume ‘the poor’ are a *socially* homogeneous, relatively stable and easily identifiable group. Although the evidence for this is, at best, inconclusive, the general uncertainty around this idea is magnified when we note some problems with **underclass theories** – the first of which is the is the major one of **definition**. As **Chris Jencks** (1989) notes, underclass theory

‘focuses attention on the basement of the ... social system (those who are “under” the rest of us), without specifying what the inhabitants of this dark region have in common’. He notes, for example, ‘a dozen different definitions’ of the underclass, each one providing a different estimate of its composition, size and social significance.

Buckingham (‘The Underclass’, 1996), for example, wants to define the underclass in terms of ‘dependency on the state’, a general category that includes those in receipt of state benefits and council house tenants. Writers such as **Murray** are more specific when they include single mothers, the long-term unemployed, various types of petty (and not-so-petty criminal) and so forth. A casual sweep through the British popular press reveals a long list of potential – if not necessarily actual – members of the underclass: joy riders, ram-raiders (remember them?), meths drinkers, single mothers, the unemployed, the long-term unemployed, black youths, benefit claimants, ‘Chavs’ and hunt saboteurs to name but a few.

Ruth Lister (1996) suggests the problem of definition is largely resolved by those who advocate the existence of an underclass, through thinking in moral, rather than material, terms. The underclass, in this respect, includes any group who are considered, for whatever reason, ‘morally undesirable’. As **Jencks** (1989) notes ‘The term underclass, with its echoes of the underworld, conjures up sin, or at least unorthodox behaviour. Low income may be a necessary condition for membership in such a class, but it is not sufficient’.

This lack of definitional precision – let alone concrete evidence of its existence – has led to the suggestion the underclass is **mythical** – both in the sense of the term



being used to stigmatise the behaviour of the poor and in the sense it's used by writers such as **Robert Moore** ('The Underclass', 2001) when he observes: 'The underclass is invisible because it doesn't exist ...' (at least, not in the way writers such as Murray have used the term). **Paul Spicker** (*Poverty and the Welfare State*, 2002) also argues underclass theories are both too vague and, not to put too fine a point on it, wrong: 'Poverty' he argues, 'is a risk which affects everyone not just an excluded minority'.

Finally, therefore, in terms of **evidence** for underclass theories, **Nick Buck** ('Labour Market Inactivity and Polarisation', 1992) argues the economic evidence for an underclass in Britain is actually very thin. In particular, he notes unemployment varies with economic cycles, which means people

may experience periods of semi-regular employment/unemployment, but *not* the permanent unemployment predicted by underclass theories. Buck characterises people who experience this type of employment pattern as: 'Unstable members of the working class, not stable members of an underclass'.

Similarly, **Anthony Heath** ('The Attitudes of the Underclass', 1992) found little or no evidence of a permanently excluded group of people who could constitute an underclass. Among the supposed 'underclass', he found such people were actually more likely to want work, less fussy about the types of jobs they took and no less active in the political process than other groups.

A major problem with underclass theory is a general failure to establish 'socially excluded

Discussion point: labelling the underclass

In small groups read the *Daily Mail* extract on 'Chav Culture', then discuss the following questions.

- What are the beliefs and values of 'mainstream society'?
- What are the similarities/differences between 'Chav culture' and mainstream society?
- Is there such a thing as 'Chav culture' or is it simply an example of media labelling?

As a class discuss your answers to the previous questions.

Apply the same line of reasoning to the question: 'Does an identifiable underclass exist in Britain – or are labels such as "Chav" simply expressions of moral distaste for people with different lifestyles?'

The year of the Chav: 22/10/04

Chav was a word coined to describe the spread of the ill-mannered underclass which loves shellsuits, bling-bling jewellery and designer wear, especially the ubiquitous Burberry baseball cap. Queens of Chav include glamour model Jordan while its king is rock star Liam Gallagher and its prince the footballer Wayne Rooney.

Chav is just one of the many new classist labels which have exploded this year. The word is almost certainly from the old Romany word for a child, chavi. But it was reborn last year to describe certain natives of Chatham in Kent. The concept has been popularised by several websites, one of which bills itself as a guide to 'Britain's burgeoning peasant underclass'.



groups' are detached from the beliefs and values of mainstream society (whatever, in practice, these may actually be – as you will have seen in the previous exercise, it is by no means a simple identification exercise). The available evidence – drawn from both the behaviour of the poor and studies of the beliefs and values of those in poverty – suggests this is simply not the case.

Although those in poverty are, to some extent, economically detached (that is, they are poorer than other sections of society) there is little or no evidence for a persistent and wilful cultural detachment supposedly characteristic of an underclass. This observation, as you might expect, leads us to cast doubt on a further feature of underclass theory, namely the concept of a **dependency culture**. A few points are worth noting here, relating to:

- **Evidence:** Dean and Taylor-Gooby (*Dependency Culture*, 1992) found no evidence of a dependency culture among welfare claimants. What they did find was a desire to work, frustrated by problems in finding it and the low levels of wages on offer. Rather than a dependency culture they found evidence of a poverty trap.
- **Heterogeneity:** Surprising as it may seem, Dean and Taylor-Gooby also found claimants to be a very mixed group of people, living in very different situations and circumstances. Their diversity extended to the fact a proportion of the claimants they questioned had punitive attitudes towards claimants in general.
- **Meaning:** The concept of a dependency culture is an example of the way ideas can mean different things in different contexts. For example, we could characterise all social life as involving some form of culture

of dependency since any society requires its members to form dependent relationships (over such things as care for the sick, the old and the very young). We wouldn't, for example, think about characterising (and implicitly stigmatising) young children in terms of a culture of dependency surrounding their care and nurture.

Le Grand and Winter ('The Middle Classes and the Welfare State', 1987) have also noted how *all* social classes, to greater or lesser extents, are involved in some form of dependency culture. A range of tax credits and benefits are enjoyed by the very *rich*, for example, and the 'middle class welfare state' effectively provides cheap health care and education for those who, in reality, need it the least.

- **Independence:** From a Feminist perspective, **Mary McIntosh** ('Dependency Culture?', 1998) has argued the benefit system is:

'... an exercise in control, in which workers and claimants are powerless and trapped. And yet surveys have shown most claimants would rather be in employment ... In the myth of dependency culture, some forms of dependence – wage labour, family relationships, investments, rents and pensions – are seen as normal and legitimate, so much so that they are counted as independence. Receiving state welfare, however, is delegitimized by classing it as 'welfare dependency'.



Social Democratic solutions



Preparing the ground

From this perspective, solutions to the problem of poverty are constructed around two general areas.

Economic regulation

Although social democratic societies are essentially capitalist in their economic outlook (in Britain, for example, people are encouraged to accumulate and keep wealth in private hands), the role of government is theorised rather differently to the way it is theorised by New Right perspectives. For example, in Britain since the Second World War we've experienced an economy that has mixed both privately owned companies and industries with state owned and controlled industries (such as coal mining, telephones and telecommunications, transport and so forth). Having said this, during the 1980s, the Thatcher Conservative Government introduced a policy of:

- **Privatisation** that saw most state-owned companies and industries being sold to private shareholders (the supply of gas and telephone services, for example, were sold in this way). The state still has some direct ownership and control (the Post Office, for example), but by and large it is general economic role is now one of:
- **Regulation:** That is, rather than playing a direct ownership role, governments 'set

the rules' for economic behaviour, in a variety of ways; through the taxation of individuals and companies, the setting of things such as a minimum wage, the creation and policing of Health and Safety regulations and so forth.

The welfare state

Although we will examine the concept of a welfare state (and the role of *voluntary* and *informal groups*) in more detail in the final section of this chapter, Social Democratic perspectives, unlike their New Right counterparts, generally see an important role for government in the provision of welfare services for their citizens, for a number of reasons and in a number of ways.

- **Economic:** Social democratic thinking in this respect extends into two main areas. Firstly, some groups in society (such as the elderly, the sick and the differently-abled) are unable to compete for jobs and, consequently, find themselves at risk of poverty. For such people, a state-sponsored welfare system represents a **safety net** to prevent them falling into absolute poverty. Secondly, economic and political changes (the influence of globalisation, for example) frequently result in some groups (as the coal mining example (p. 352) suggests) no longer having the skills, training and qualifications needed in the workplace. Where such people become unemployed, the welfare system provides for a period of readjustment (where they retrain, develop required skills and qualifications or simply find work in a different area of the economy). Again, State support for such people is seen as easing the strains of economic adjustments.



Sad day for Selby as pit closes early
Sophie Hazan: *West Riding Post:*
 19/07/02

Coal miners were in shock today at ... the closure of the country's biggest colliery complex. Selby miners are relatively young, with an average age of 45, and less likely to retire from the labour market following their dismissal. Most miners have worked in the mines, a well-paid manual job, since they left school. It will be very difficult for them to find alternative sources of work.

The Selby Task Force ... with representatives from the Selby District Council, UK Coal and Yorkshire Forward, must now consider the retraining of the thousands of men and their reintroduction into the economy. UK Coal and the government's £43 million redundancy package is expected to payout an average of £27,000 per miner.

- **Political:** If large numbers of the poor, living in conditions of destitution, exist in society with little or no means to support themselves (either through work or welfare) this becomes a political *problem* for governments – not least because such people are likely to turn to illegal means of money-making (crime, prostitution, drug-dealing and so forth). A welfare system, by alleviating the worst effects of poverty, not only has general economic benefits for society (allowing people to retrain, for example), it also has general political benefits in terms of preventing social unrest, the

spread of disease and the like. However, a further political consideration is the:

- **Moral** dimension to welfare. This has a couple of important aspects. Firstly, in a wealthy society such as our own, is it morally right for some people to exist in conditions of poverty while others have far more money than they need? Secondly, welfare systems represent an expression of *social solidarity*; that is, they recognise the bonds that exist between people and reflect the idea society is not simply a 'collection of individuals living in families' (as some on the New Right like to suggest) but rather, a *social collective* in which those who are rich and successful, for example, give something back to society by helping to support those who exist in – and on the margins of – poverty.

The above describes a relatively traditional view of social democratic thinking, reflected perhaps in the post-war development of the welfare state. Recent thinking, however, has turned towards the idea poverty doesn't simply have an economic dimension (not having enough money ...), it also has dimensions related to participation/non-participation in social life – which is where ideas about social inclusion and exclusion come into the picture.

The **Third Way** expresses the idea of a different role for the state – one that rejects both the *market individualism* of the New Right and the traditional 'Welfarism' of successive post-war governments in the UK (the idea, for example, all the poor require is money in the form of government benefits to keep them out of poverty). The Third Way, therefore, focuses on the idea of an **enabling**



state, by which is meant the role of government is one that encourages people – through a variety of social policies – to play as full and active part in society as possible. By effectively redefining poverty (as ‘exclusion’) the role of various agencies – informal, voluntary, private and governmental – becomes that of preventing poverty by intervening at different points to break the cycle/chain of events that both cause poverty and prevent people escaping its clutches. These social policy interventions are currently coordinated in the UK through the Social Exclusion Unit (a government department linked to various welfare agencies) and include a range of policies designed to promote social inclusion in a number of areas.

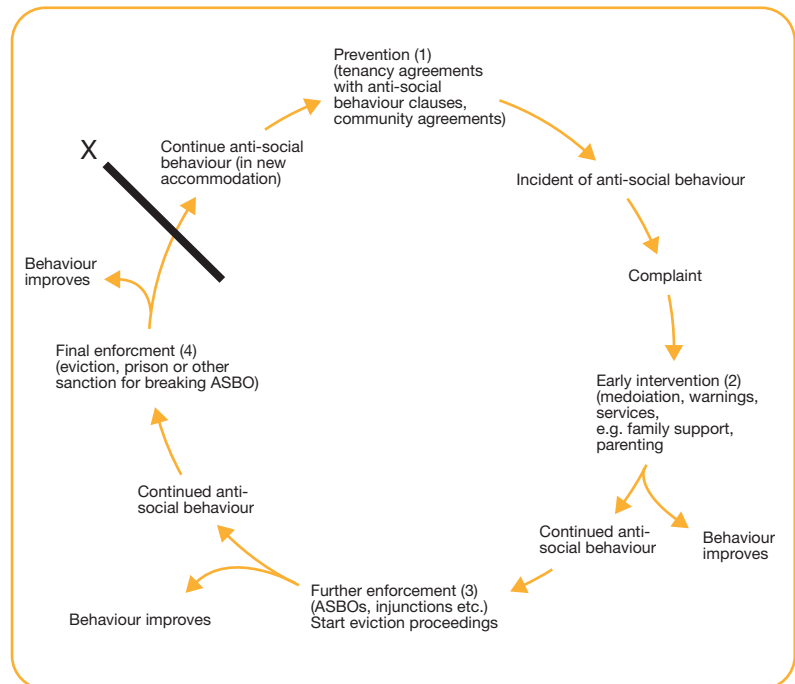
- **Children and young people:** Policies here reflect concerns about the level of teenage pregnancy (something that links into a desire to prevent some forms of single-parent family developing), how to prevent disaffection, truancy and exclusion from school and the involvement of young people in criminal behaviour.

Specific policies in this area include action to prevent criminals re-offending, problems associated with children in care caused by parental imprisonment and the like. In addition, schemes to promote youth involvement in sport and

the arts are also seen as a way of ‘lowering long-term unemployment’ through community involvement as well as ‘helping to develop the individual pride and capacity for responsibility that enable communities to run regeneration programmes themselves’.

- **Crime:** A range of policies have been developed to prevent adult re-offending and to punish ‘anti-social behaviour’ – Anti-social Behaviour Orders (ASBOs), for example, can be issued against juveniles to control their behaviour (the punishment for breaking such an order can be imprisonment).

Parenting orders have also been developed to make parents responsible (and punishable) for the behaviour of their children.



Source: ‘PAT 8: Anti-social Behaviour’: Social Exclusion Unit, 2000



These policies are based on the concept of a 'Cycle of Repeated Anti-social Behaviour' (pictured) which, the more alert amongst you will notice, has a strong similarity to the *cycle of deprivation* theory.

- **Employment** policies are seen as the key to resolving problems of social exclusion, since unemployment is seen to lie at its heart – those who are *economically excluded* are, proportionately, more likely to suffer *social exclusion*. A range of employment-related policies (from offering advice about returning to work – as well as tax credits for childcare – to single parents, to a range of training schemes) are employed (pun intended) in this respect. Policy in this area also involves regional regeneration initiatives (encouraging employers to relocate to areas of high unemployment, for example) as well as advice on debt management for the short-term unemployed.
- **Education:** Qualifications, training and skills – especially those relating to new technologies (computing and information services, for example) are considered a further way to prevent social exclusion by equipping people with the skills needed for work (the connection is frequently made by social democratic writers between low educational achievement, low-paid work or unemployment and social exclusion). The introduction of *Educational Maintenance Allowances* across the UK in 2004, for example, pays post-16 students up to £30 a week if they stay in full-time education.
- **Neighbourhood regeneration:** Part of the overall solution to poverty involves

developing neighbourhood-based communities, which in turn involves policies to regenerate depressed neighbourhoods and create 'sustainable communities'. This is to be achieved, according to the Social Exclusion Unit, by: 'Providing homes for key workers, regenerating towns and cities, providing parks for families and children. Above all it is about helping people to live ... with pride in their community'.



Digging deeper

As I have suggested, the concept of poverty has been widened in recent years to encompass a broad range of ideas – from social inclusion and exclusion to cycles of deprivation – that suggest 'poverty' is something more than the simple lack of money. Whether or not this is actually the case is a debateable point – and whether the Third Way idea of 'tackling social exclusion' is the same as offering a solution to poverty is also something that's up for discussion. However, we can dig a little deeper into social democratic solutions by questioning two of its basic principles, namely: does social exclusion actually exist and how valid is the concept of a cycle of deprivation? We can start, therefore, by looking at **social exclusion**. Many of the problems we've noted with the concepts of an underclass and culture of dependency apply to this idea, so I don't propose to rake over this ground. However, it is worth noting the following.

Since social exclusion can't be directly observed, we have to use *indicators* of exclusion in order to measure it. The problem, however, is a lack of consensus about which indicators to use. **Le Grand** et



al ('Social Exclusion in Britain', 1999), for example, used five indicators of social exclusion:

- active engagement in consumption
- savings
- productive paid work
- political attachment/involvement
- social interaction.

They found 'Less than 1% had been excluded on all five dimensions for at least five years'. However, when considering exclusion in terms of **life chances** – both positive (earning a living wage, enjoying good health and so forth) and negative (the chances of being unemployed, going to prison and the like) – **Howarth** et al (1998), used 'Forty-six indicators to show the numbers of people facing difficulties at various points in their lives'. The indicators were grouped in terms of life stages (children, the elderly and so forth) to reflect 'the importance of multiple disadvantage to individuals'.

Cycle of Deprivation: In recent years at least, this theory has taken on an almost *axiomatic status* (the notion that something is self-evidently true) but **Townsend** ('The Cycle of Deprivation', 1974) has termed this idea a 'confused thesis', in terms of **continuity**. For **Alan Walker** ('Blaming the Victims', 1996) 'The central idea was poverty persists because social problems reproduce themselves from one generation to the next'. He notes, however, a massive UK research programme in the 1970s into a possible cycle of deprivation found '... no simple continuity of social problems between generations'. In addition, the evidence suggests no simple **patterns of**

disadvantage between generations. **Rutter** and **Madge** (*Cycles of Disadvantage*, 1976) found 'at least half' of children born into a disadvantaged home didn't display the same levels of deprivation once they reached adulthood – which suggests poverty is not necessarily generational but that forms of disadvantage develop anew with each generation.

In addition, **Brown** and **Madge** (*Despite the Welfare State*, 1982) found no 'inevitable continuity of deprivation' in relation to poverty and the poor.

The basic logic of cycle of deprivation theories is also questionable since, if they exist, effects would have to be **cumulative** – we would expect, even over a couple of generations, to see an expansion of poverty (think in terms of one set of parents producing three children who, in turn produce three children ...). This simply hasn't happened – which either suggests government interventions to break the cycle of deprivation have been successful or, as both the figures for those in poverty and the available research suggests, such a cycle does not actually exist in any significant form.

Having examined individual/cultural examples of solutions to poverty, we can move-on to explore a couple of **structural solutions** that, for our purposes, involve examining Marxist and feminist perspectives.



Marxist solutions



Preparing the ground

For Marxists there is not so much a ‘problem of poverty’ in our society as, to paraphrase **R.H. Tawney**, a ‘problem of wealth’; that is, they view the unequal distribution of wealth as a prime reason for the existence of poverty – whether you define it in absolute or relative terms. In this respect, Marxist analyses of ‘the problem’ focus on:

- **Economic inequality:** Capitalist societies are, by definition, unequal societies and the inequality that lies at the heart of this economic system is, as I have just noted, the primary cause of poverty. As we’ve seen in earlier sections, even in a society as wealthy as the UK, massive inequalities of income and wealth exist – such that a relatively small number of the very wealthy live in great comfort and luxury while those at the other end of the class scale exist on relatively little.

Economic inequality, for Marxists, is rooted in the relationship between capital, on the one hand, and labour on the other – or, to put this another way, the relationship between those who own the means of production (capitalists) and those who do not. This relationship is fundamentally unequal not simply because owners are able to make profits – by effectively charging more for goods and services than they cost to produce (a production process involving things like wages, raw materials, machine costs and

so forth), but because these profits are kept in private hands, rather than being owned by those who make the goods and provide the services – the working class.

- **Welfarism:** State-sponsored welfare is seen as an attempt to limit the worst excesses of social and economic inequality by giving those at the bottom of society ‘just enough’ to keep them from destitution. Welfare, from this perspective, operates on both an economic level (payments to people who have been ignored or discarded by employers) and a political level – to prevent social unrest and upheaval.

As **Tod Sloan** (‘Globalization, Poverty and Social Justice’, 2003) puts it:

The raw effects of capitalist relations in class society have been softened to some extent by the effectiveness of . . . state welfare systems . . . as ‘safety nets’ to ensure the basic health and housing of the unemployed . . . and the unemployable, particularly when the capitalist economic system is undergoing one of its occasional recessions or depressions.

Welfare, therefore, is another form of **social control**, in a couple of ways. Firstly, it is a means of ‘buying-off’ discontent with a capitalist system that condemns large numbers of people to poverty and, secondly, it allows the behaviour of the poor to be policed by the state in the form of social workers (‘soft policing’, as it’s sometimes called).



Digging deeper

In general terms, the solution to poverty is the replacement of a capitalist economic system by **communism** – a political and economic system in which the private



ownership of property is abolished; everything is held 'in common' (owned 'by everyone'). The organisation of the workplace along communist principles effectively removes the relationships (owner-worker, employer-employee) that create economic and social inequality.

In other words, Marxists see capitalist societies as incapable of reform (in terms of either reducing levels of inequality or solving problems of poverty). On the contrary, inequality is built into the economic system and poverty has its social and economic uses for a ruling class (providing, as we have noted, a reserve army of labour, for example).

Given the above, it makes it difficult to link Marxist perspectives to any particular social policies related to poverty – save, of the course, the most ambitious policy of all – the replacement of one form of society (capitalism) with another (communism).

Feminist solutions



Preparing the ground

In a global context, women experience different levels of poverty to men, in a number of ways. **Caroline Sweetman** ('How Does Poverty Relate to Gender Inequality?', 1998) for example, notes that women around the world:

- have less food and suffer greater levels of malnutrition
- are less likely to have paid work
- suffer greater ill-health

- lack access to education
- experience greater levels of homelessness
- suffer greater levels of social exclusion.

In a national context, it would be useful to understand how ideas about poverty relate to female experiences in the UK, where we know, for example, women:

- have equal access to education – and out-perform men at just about every level
- live longer, on average
- are only slightly less likely to have a job than a man
- are no more likely to be malnourished or homeless than men.

Rather than talk about the *feminisation of poverty*, therefore, should we not be examining how poverty is *masculinised*? The answer (as you probably, deep down, suspected) is 'no' – which, given the ideas I've just noted, may seem surprising until you recognise that despite these apparent female advantages (or, at the very least, rough equalities with their male counterparts) women in the UK are far more likely to experience high levels of poverty than men.

This happens for a number of reasons, not the least of which, according to **Julie Mellor** ('Are men the new victims of discrimination?', 2000) relate to the idea 'Women are paying huge prices for being carers as well as breadwinners – lower pay, worse promotion prospects and ultimately poverty in old age because they make less contribution towards pensions'. If women in general are more likely to experience poverty than men, therefore, we need to briefly note how and why this situation occurs.



Economic factors

As discussed in previous sections, female participation in the workplace is conditioned by a number of important factors, including:

- **Horizontal and vertical segregation** that generally means women occupy lower-paid, lower-status, positions within the workplace – as **Lucy Ward** ('Gender Pay Gap', The Guardian, 26/10/04) has suggested in the following terms:

The entrenched split between traditionally 'male' and 'female' careers is just as glaring among today's teenagers as among their older workmates . . . even those entering the workplace at 16 are choosing occupations along traditional gender lines.

The continuing trend means "deep-rooted inequalities" in pay and employment prospects are mapped out for young people from the very first day of their working lives . . . Even among teenagers in their first jobs, young women earn 16% less than their male counterparts – blowing apart the myth that the effect on women's careers of having children is the sole cause of pay inequality.

- **Primary and secondary labour markets**, where women are over-represented in secondary markets that involve, for example, insecure forms of part-time work. According to the Office for National Statistics (2004), the gender pay gap for full-time workers is 19.5% (female average hourly earnings are approximately 80% of male average hourly earnings) and 40% for part-time workers.

Family life

Just as men and women experience family life and relationships differently, family

arrangements affect the likelihood of greater female poverty in a number of ways.

- **Single-parenthood:** Where women are more likely to be single-parents, this increases their chances of experiencing poverty because of the problems involved in juggling childcare responsibilities and paid work. One consequence of this is involvement in **homeworking**. Both Oxfam ('Made at Home', 2003) and the Equal Opportunities Commission ('EOC calls for an end to poverty pay for homeworkers', 2003) note, for example:

British women homeworkers are paid, on average, £2.53 per hour, receive no sick, holiday, or maternity pay, are made redundant without notice or compensation, are not subject to adequate health and safety checks [and] lose their jobs if they dare to claim the rights enjoyed by others.

- **Retirement/widowhood:** One consequence of women living longer, coupled with inequalities in welfare and pension arrangements, is the greater likelihood of poverty in old age.

Welfare

The benefits system in the UK is both complicated and extensive, involving as it does a mix of:

- **universal** payments (such as Child Benefit – paid to all families who qualify as a right)
- **means-tested** payments (such as Housing Benefit), paid to claimants on a *sliding scale* related to income and savings – the higher these are, the less benefit you receive
- **insurance-based** payments (such as the Job Seeker's Allowance – pre-1996 this



was called Unemployment Benefit), receipt of which is based on the individual having paid National Insurance contributions for a specific qualifying period.

This situation creates problems for women, in particular, because of the impact of their **dual role** as both unpaid domestic workers and paid employees; in basic terms, female qualification for *insurance-based* payments is reduced, according to **Bradshaw et al** ('Gender and poverty in Britain', 2003) through: 'A broken employment history because of child rearing and high rates of part-time work'.

Where benefits are *means-tested* (and assuming both a male and female in the household) Bradshaw et al note how:

Women's poverty can be hidden by unequal income distribution within the household. When resources are tight, women are more likely than men to go without. Women tend to manage money when it is in short supply and there is debt, carrying the stressful burden of budgeting.

A further aspect of poverty here is how it 'restricts social activity, causes stress in relationships and becomes a dominant feature of everyday life.' As **Bradshaw et al** argue: 'There is some evidence that social isolation and depression are felt especially by young women, and that women and men may experience poverty in different ways'.

Female poverty in old age (roughly 60% of pensioners are women) is also related to many of the above factors; a broken work record, for example, coupled with child care responsibilities makes it harder for women to make sufficient employment-related pension payments to receive a full pension – on average, female pensioners have only 50% of male retirement income.



Digging deeper

In terms of social policy, we can note a number of possible solutions to female poverty, in four main areas.

Work

In 'Beating the gender poverty trap' (Trades Union Congress Women's Conference Report, 2003), suggestions for policy changes to benefit women included:

- raising the national minimum wage
- setting government-backed and enforced targets for raising female incomes.

As **Mellor** argues:

The Equal Pay Act has not brought about equal pay . . . If you take any of the lowest paid work – cleaning, catering, home care – you will find jobs done mainly by women. You will find women who juggle two or three of these jobs at a time, because one alone wouldn't pay enough to live on. You will find women scraping together a living for themselves and their families.

- Setting targets for closing the gender pay gap (for both full time and part time workers).
- The provision of affordable childcare and an increased level of childcare tax credits.

The Equal Opportunities Commission ('Pensions – why do women face poverty in old age?', 2003) has argued policy work needs to be done to prevent women falling into poverty in old age by recognising different male and female working patterns. In particular:

- **employer pension schemes** need to include part-time workers



- **flexible part-time working** needs to be made available ‘as retirement approaches without jeopardising retirement benefits’
- **pension entitlement** should be extended to more working women.

Family life

Policies to reduce or solve female poverty suggested by the TUC Women’s Conference Report (2003) include:

- Child Support payment increases (from non-resident parents)
- paid carer leave from work
- earnings-related maternity pay
- increased Carer’s Allowance
- more government funding for local authority care services
- tax and pension credits ‘for those out of paid employment for parenting or family care reasons’.

Education

As we have seen, men and women still tend to choose different work and career paths in our society which, in some respects, may be related to gender stereotyping in schools (when, given the choice, males and females study different subjects and are encouraged, through careers services for example to pursue – or not as the case may be – different occupational paths and strategies). Social policy in this area, therefore, should be directed at ending this type of gendered curriculum.

Welfare

A range of policies could be implemented to significantly reduce disadvantages faced by women. As we have noted, extending and

increasing state pension payments and linking increases to average earnings (rather than average price increases – the latter tend to rise more slowly than the former) would be one way of raising many women (and men, come to that) out of old age poverty. In addition, work-related state benefits need to reflect more closely the reality of male and female working lives.

In this section we’ve made frequent reference to areas such as the welfare state and the provision of welfare benefits. Although discussion has, by and large, focused on government action (or inaction), ‘welfare’ is not just a quality of governments. A range of organisations (some formal, some informal), exist in our society for the purpose of welfare provision and, in the final section we need to examine the nature and role of welfare providers in more detail.

Welfare provision

Introduction

When we think about the provision of welfare services in our society (as most of us probably do in those idle moments when there’s nothing on the TV), we tend to think about the welfare state and the range of services it provides – from doctors and hospitals, through education to pensions. Welfare provision, however, is not simply a matter of government services – it is, as you will no doubt be disappointed to learn, a little more complicated than that – which is why in this section we are going to look at the nature and role of public, private, voluntary and informal welfare provision.



Before we begin in earnest, however, we need to clarify a few ideas.

The concept of ‘welfare’. Considered in terms of its widest definition, simply involves the idea of help being given to someone who needs it. If I’m ‘looking out for your welfare’, it means I care about you, am considerate of your needs and will help you to overcome problems in your life (I’m not, by the way – this is just an example that makes me look good). We need to keep this definition in mind, since it means the concept of welfare provision potentially has many forms, the most obvious of which, perhaps, is **public welfare** that, for our purposes at least, refers to services and benefits provided by the state and generally funded through some form of direct or indirect taxation. Although the provision of public welfare – in some shape or form – has a relatively long history in Britain (the ‘Ordinance of Labourers’ in 1349, for example, was designed to stop people giving relief to ‘able-bodied beggars’, the idea being to make them work for a living – some ideas, it seems, never change), our main focus will be on the creation and development of the Welfare State, post-1945.

Private welfare generally refers to the role of private companies in the provision of a range of personal and public services. This includes both companies who expressly exist

to provide such services and also companies who provide welfare benefits to their workforce (such as a pension scheme) as part of their employment contract.

Voluntary provision, on the other hand, relates to services provided by a range of groups and individuals (charities and self-help groups, for example) independently of state provision – although, as we will see, the activities of such groups may be *regulated* and *coordinated*, on a local and national level, by the government. As you might expect, voluntary provision of welfare by charitable and religious groups has a long history in our society.

Informal welfare is the final form of welfare, whose significance should not be overlooked or underestimated. This is welfare provided by people such as family and friends – a potentially important source of care throughout peoples’ lives. This type of provision is informal because there is no guarantee it will be offered when needed.

WARM UP: WELFARE PROVISION

It’s a ‘strange-but-true’ fact that you already know a reasonable amount about these different types of welfare provision. As a class, or in small groups, therefore, use the following table as a template to identify as many examples as you can of the different types of welfare provision provided by the four agencies identified.

Forms of Welfare			
Individuals	Charities	Private Companies	Government
Babysitting	Soup kitchens	BUPA (health care)	National Health Service
Child care	Gambler’s Anonymous	Occupational pensions	11–16 Education
Further examples			



Public welfare



Preparing the ground

The concept of a welfare state in Britain is something we tend to associate with developments during and immediately after the Second World War; while these are clearly very important (they formed the basis for state welfare provision that's still going strong 50 years later) some forms of state-sponsored welfare provision existed prior to this. In the early part of the last century, for example, old age pensions were introduced (however, given it was paid at age 70 – when average life expectancy for working class men was around 45 years – this didn't greatly benefit the poor); a rudimentary health service and unemployment benefit system also existed at this time.

The above notwithstanding, the focus here is on post-war developments, mainly because this period represents the most coherent attempt to develop a universal system of state welfare.

In many ways, the nature, purpose and role of public welfare has changed over the past 50 years, reflecting a movement away from a simple government concern with the *relief of poverty* and the improvement of general living standards to thinking about how some, relatively poor, groups in society are *socially excluded* (and, by extension, how government action can lead to their social inclusion). We need, therefore, to understand welfare changes in:

- **ideological** terms – how ideas about the nature and purpose of public welfare have changed, as well as:

- **political** terms – how different political groups, for example, have attempted to stamp their ideas on welfare provision and, of course,
- **economic** terms – since, in many ways, questions of cost and affordability have influenced the nature, extent and type of public provision available.

We can track this sense of change in the nature of welfare provision (and, as we will see, the role of government) by thinking, initially, about the nature and purpose of the **welfare state**, which developed in a social context very different to our present-day society. The ideas forming the basis for the welfare state (brought together in the 1942 Beveridge Report – officially known as the 'Social Insurance and Allied Services Report') developed against a background of war and environmental destruction as well as severe social and economic privation (hardship).

The nature of welfare provision, in such a situation, focused on what Beveridge considered to be '5 Giants' that needed to be conquered:

The '5 Giants' of Welfare Reform	
Giant	Example Legislation
Ignorance	Butler Education Act (1944)
Want	Family Allowance Act (1945)
Idleness	National Insurance Act (1946)
Disease	National Health Act (1948)
Squalor	The building of good-quality, low-rent, public ('Council') housing



The idea of ‘5 Giants’ tells us something important about both the thinking behind the creation of a welfare state and the nature of the welfare it was designed to provide – this was a society in which major social problems existed and, as such, required major, state-led, changes to the way welfare was provided.

The welfare state reflected an important social democratic consensus about the desirability of both a national system of welfare provision (based on the principle of *need* rather than the ability to pay) and the way it should be funded – through a general taxation system which meant services were ‘free at the point of contact’.

One of the interesting features of the post-war welfare consensus was the ambitious nature of the overall project – it aimed to provide a comprehensive system of:

- **Health care**, through a National Health Service integrating General Practitioners (neighbourhood doctor’s surgeries) with hospital services.
- **Housing**, through a system of Local Authority (‘Council’) housing designed to provide relatively cheap – but good quality – rented accommodation for those most in need.
- **Education**: Compulsory and free education was introduced for all children between the ages of 5 and 15, via a ‘Tripartite system’ of grammar, secondary modern and technical schools (a system explained in more detail in the Education chapter).
- **Insurance**: A number of different forms of (compulsory) social insurance were introduced for groups such as the unemployed and the elderly, funded through a National Insurance levy on wages. Other forms of benefits were also made available for those without the required employment history to qualify for insurance payments.

With the exception of public housing, these general forms of state welfare provision have remained in place to the present day; however, there have been a number of changes in the way state-based welfare has been provided – and related debates about how it can and should be funded.

In the 1980s, for example, a radical shift in thinking about public welfare provision developed around three main factors.

- **Ideology**: The rise of New Right ideas (initially in the USA and more gradually in the UK) prompted a reassessment of the nature and role of welfare provision. From a libertarian, New Right perspective, for example **Nigel Ashford** (‘Dismantling the Welfare State’, 1993) identified six reasons for arguing against public welfare.
 - **Immorality** – income is ‘forcibly redistributed from taxpayers to those who are believed to deserve it by politicians’.
 - **Freedom of choice**: Free, universal, provision makes it more difficult for other alternatives (such as private health care) to compete with state provision.
 - **Welfare dependency** – the creation of ‘a class ... permanently dependent on the state for all their major decisions’ (an idea we’ve examined in some detail in relation to New Right concepts of an underclass and dependency culture).
 - **Ineffective** – State welfare systems rarely achieve the goals they are set



and rarely benefit those most in need. 'The middle classes', for example, 'are the disproportionate beneficiaries of the nationalised health system'.

- **Producer capture** involves the consumer lacking choice over welfare provision. 'In a monopoly situation the service is provided in the interests of the producer' and, consequently, provides no consumer checks-and-balances on the quality of the service provided – you can't, for example, easily change your doctor if you don't like the service they provide.
- **Inefficient** – private welfare provision, selectively targeted at those in most need, can provide welfare services more cheaply and more responsively to the needs of the consumer.
- **Politics:** Between 1979 and 1997, successive Conservative governments (under first Margaret Thatcher and then John Major) introduced a number of general changes to public welfare provision based, in part, on the general ideological principles just outlined. In particular, a system of:
 - **Internal markets**, designed to 'promote competition and increase effectiveness and efficiency' within the welfare state was developed. The National Health Service, for example, saw competition between different hospitals and departments for the treatment of patients.
 - **Privatisation** policies were also pursued, whereby state-owned assets (such as British Gas and British Telecom) were sold to private shareholders. Privatisation extended directly into the welfare sphere

through council house tenants being given the 'Right To Buy' their home at a market discount depending on a range of qualifying factors (such as having lived in the house for at least two years).

A further aspect of privatisation involved explicit government encouragement of *private pensions* (through media advertising, for example); the basic idea behind this was that people should save for their retirement throughout their working lifetime. Increased income in old age, it was believed, would lead to lower levels of elderly poverty.

However, a major problem with this idea was the *misselling* of private pensions.

Royal & Sun Alliance fined £1.35m

Lisa Bachelor: 27/08/02

Royal & Sun Alliance, one of the UK's largest insurance groups, has been fined £1.35m for failing to provide compensation to over 13,000 of its customers who were mis-sold [private] pensions.

Source: <http://money.guardian.co.uk/>

- **Economics:** A third factor, as Wrigley (*Welfare State*, 2004) notes, was the 'escalating cost' of:
 - **Unemployment-related benefits** – the early 1980s saw a massive rise in the number of unemployed.
 - The **National Health Service**, partly caused by an ageing population – a combination of a decline in the birth



rate and an increase in life expectancy the elderly, for example, tend to make greater use of GP and hospital services than other age groups.

The influence of these ideas has, it could be argued, led to a change in the nature of welfare provision and a reassessment of the role played by government. We can see this most noticeably in the changes introduced by **New Labour** governments (from 1997 onward). They continued the reform of public welfare provision begun under previous governments, partly, as **Wrigley** argues, because of a commitment to keep to previous financial spending targets and partly because of an *ideological change* in perceptions of the nature and role of public welfare. **Carey Oppenheim** ('The Post Conservative Welfare State', 1998), for example, argues the key elements of the New Labour approach to public welfare were:

- **Reciprocity** – the idea welfare provision should be based on a system of 'rights and responsibilities'. Many original aspects of the welfare state were based on this idea (individuals make national insurance contributions, for example, in order to receive benefits if and when they are needed). New Labour took this idea further, however, in a couple of ways.
- **Policies** – such as the Child Support Agency (originally created by the Conservative government in 1993 and substantially reformed by New Labour), designed to promote 'individual responsibility' for family welfare. The Child Support Agency targeted single-parent families by requiring an 'absent parent' (one living apart from their

partner) to contribute to the financial upkeep of their children.

- **Participation**: One aspect of the changing role of welfare provision (over the past five or so years) has been a desire to move away from a rigid, bureaucratic, professionally administered system to one where the *consumers* of welfare (or 'clients' as they're sometimes called) have greater involvement in the *delivery* of welfare (rather than simply being recipients of state aid). This has resulted in the development of a number of initiatives for delivering welfare and, by extension, a change in the relationship between public, private, voluntary and informal welfare providers.

Although we will explore this idea in more detail in the following section, we can note for the moment how the state has developed a **coordination role** in the delivery of welfare. In other words, although government is still involved in welfare as a primary provider, its role has been modified to accommodate, sponsor and coordinate the activities of a variety of private, voluntary and informal groups. **Craig** et al (*Developing local compacts*, 1999), for example, studied the development of 'national compacts' involving 'joint working between government and the voluntary and community sectors' in areas such as:

- **Health Action Zones** – partnerships between the NHS, local authorities, community groups and the voluntary and business sectors.
- **The New Deal for Communities** – partnerships to tackle the problems of 'poor job prospects; high levels of crime; educational under-achievement; poor



health and problems with housing and the physical environment’.

- **Sure Start** – designed to deliver programmes related to ‘early education, childcare, health and family support’.

Welfare to work: A key element in the New Labour welfare strategy is to make a distinction between *poverty* (in the sense of economic hardship) and *social exclusion* (in the sense of social – but not necessarily economic – inequality). The original focus of the welfare state was the former; the new *focus* of welfare is the latter – and one way to promote social inclusion is through work (at least it is from a New Labour, social democratic, perspective).

To this end, various programmes have been developed with the aim of getting people (from the unemployed, through single-parents to the differently-abled) into some form of work (such as job creation schemes, the introduction of flexible working rules and so forth). An example of this type of thinking about the nature and role of welfare was the introduction of a **minimum wage**, designed to increase the income differential between those in work and those out of work. This may, at first site, seem an odd way of tackling poverty, until you realise it’s designed to tackle exclusion – a subtle, but important, difference. The thinking here, therefore, was that by increasing the income differential (by forcing all employers to pay a minimum level of wages) the option of work would become more attractive to those living on welfare payments. They would, therefore, be taken out of a ‘culture of dependency’ (an idea, you will remember – or not as the case may be – that’s central to both New Right and social democratic views on poverty and

exclusion) and *reintegrated* into mainstream society.

We will look in more detail in a moment at what all this means for the (changing) role of welfare provision in our society.

Private welfare

As the name suggests, this involves profit-making individuals and companies providing welfare services. This may involve things like:

- **fees** – money paid directly to a company for a specific service (such as buying a place at an independent (public) school, a private consultation with a doctor, a hospital operation and so forth) and
- **insurance** – which involves things like paying money regularly into a fund (such as a private pension, for example) or buying a particular policy to cover a possible eventuality (such as the risk of falling ill and being unable to work). It is, of course, possible to take out insurance that, eventually, will be used to pay something like school fees.

There is, however, a further development we could note here, namely the increasing involvement of private companies in the **welfare infrastructure**. That is, although private companies may not be directly involved in the provision of services (such as hospital treatment) they may have built (and technically own) the hospital in which the treatment takes place – which they then *lease* to the government. Private developers, according to the **University of Ulster Centre for Property and Planning** (‘Accessing private finance’, 1998), are also extensively involved in ‘urban regeneration’ schemes on a similar basis.



As **Tania Burchardt** ('Boundaries between public and private welfare', 1999) points out, 'Welfare has never been the exclusive preserve of the state'. This was as true before the development of the welfare state (most doctors, for example, charged fees for consultations) as it is today – you can, for example, buy private medical treatment and care if you can afford it. The main question here, however, is not so much the nature of private welfare provision (as indicated above), but more the changing role of private providers and, as a consequence, the changing role of public providers.

Although, as we will see, the public – private welfare provision relationship is becoming increasingly complex, we also need to consider a further aspect of this relationship.

Voluntary organisations

In general terms, we can characterise this type of welfare provider as:

- **Non-profit-making.**
- **Voluntary:** An obvious point to make, perhaps, but the activities of many of these organisations are highly dependent on volunteer help – whether in terms of things like collecting money for charity or working in a community with disadvantaged individuals and groups.

Filiz Niyazi ('A Route to Opportunity', 1996) has noted how the 'image and culture of volunteering ... perceived as a predominantly white, middle-class activity' meant groups such as the young, the elderly, the unemployed, the disabled and some ethnic minorities were likely to be underrepresented amongst volunteers.

- **Independent** of government (although some groups work closely with – and may be funded by – local and national government departments).
- **Structured** – usually, but not necessarily, along similar lines to private providers (in terms of having a skilled, professional workforce, a distinctive managerial organisation and so forth).
- **Regulated** by government: charities (such as Oxfam) are subject to rules governing how they may or may not use their funds, for example.

Having said this, one notable feature of voluntary organisations in the UK is their **diversity**. Voluntary organisations actually take a number of different forms, ranging in size from large, national (and international) organisations (charities such as Oxfam, with an income of £188 million in 2002), to smaller, locally-based, *community groups* (Cardiff Action for Single Homeless, for example, with an income of £1.1 million in 2003) or even small *voluntary associations* based at neighbourhood level.

Although, traditionally, voluntary organisations have worked independently of government, this situation is increasingly changing as they become further integrated into the changing nature of welfare provision in the UK. This, in turn, perhaps, indicates something of a changing role for such groups – especially where they are funded – but not directly controlled – by the state and where their basic organisation and composition is regulated through government departments. The process of integration has not, however, necessarily been simple or smooth.

Kumar and Nunan (*A lighter touch: an Evaluation of the Governance Project*, 2002)



have suggested the integration of community-based groups, for example, into the overall welfare system has been hindered by ‘... confusion and contradictions over their support arrangements and the way they are governed’ – especially in terms of ‘unsuitable legal frameworks and poor, inappropriate constitutions’.

Despite problems of integration, voluntary organisations have an important role to play in a welfare system that, although largely *centrally funded* and directed, is increasingly *localised* in terms of where and how some forms of welfare are delivered – especially those that focus on policies for social inclusion.

In some respects, the distinction between voluntary groups and informal types of care (see below) is becoming increasingly blurred ‘at the margins’; for example, the development of ‘self-help’ groups (characterised by **Judy Wilson** (‘Two Worlds’, 1994) as ‘groups run by and for people who share a common problem or experience’) involves a relatively informal system of help and care within communities, neighbourhoods and even families.

Informal welfare provision

This type of care has, traditionally, been provided by and within family and friendship groups (mainly, it needs to be noted, by women). General features of this type of provision include the idea it is:

- **unstructured** (in the sense of not being formally organised)
- **free** (provided at little or no cost to the government)
- **effective** – people provide care for the elderly, sick, differently-abled and so forth because they feel love, affection

and responsibility for their welfare.

Bryony Beresford (‘Positively Parents: Caring for a Severely Disabled Child’, 1994), for example, noted:

The pleasure and satisfaction gained through the relationship with the disabled child was the fundamental reason why parents felt able to continue to care for their child ... [even though] the stresses associated with the care of their disabled child to be wide-ranging, unrelenting and sometimes overwhelming.

Although, as I have suggested, informal types of care are both traditional and, probably, the oldest form of welfare provision in our society, the recently developed welfare focus on inclusion and exclusion has tended to draw some forms of informal care into the general welfare net, leading to a distinct change in the role – if not necessarily the nature – of such care. For example, we can note the concept of **Care in the Community** – the idea that, rather than incarcerate (lock up) the mentally ill in large, impersonal, institutions, their welfare would, it was argued, be increased if they were cared for within the community – which, in effect, meant within the family group. The *Community Care Act* (1990), for example, created a system of patient assessment, community care and progress reviews for mentally ill individuals who were professionally assessed as posing little or no risk to the community.

In some respects, therefore, informal types of care have become part of the general, formalised, system of welfare in the UK – whether this involves family members receiving government allowances as ‘carers’ or the integration of a variety of self-help groups into community regeneration projects. However, although informal caring



has certain **advantages**, which include things like:

- **local** delivery
- **responsiveness** to individual needs
- **personal** experiences of carers of the problems they are helping to resolve,

it also has some significant **disadvantages**, such as:

- **Patriarchy:** Feminists have generally pointed to the patriarchal assumptions underlying the establishment of the welfare state (men as the breadwinners and women the homemakers – assumptions, as we have seen, that have resulted in women being in a weaker position to claim insurance-based benefits in the past); increasingly this criticism has been applied to government involvement in informal care where, as I've noted, family care (a type of emotional, as well as physical, labour) very often means 'care by women'.
- **Resources:** Delivery of informal care is frequently provided 'by the poor, for the poor' – in effect, some aspects of the

burden of welfare are shifted from government responsibility to family responsibility without a consequent redistribution of resources.



Digging deeper

In the previous section we have looked at both the changing nature of welfare provision in our society and, to a slightly lesser degree, the changing role of welfare providers. In this respect, when we think about the provision of welfare benefits and services in twenty-first century Britain, they involve a complex interplay of two main areas.

- **Between** different types of provider (public and private, voluntary and informal).
- **Within** different types of provision: government, for example, is not simply a provider of benefits and services, but also a purchaser of services from private, voluntary and informal providers. The table on the following page identifies some characteristics of the range of welfare interconnections in our society.



Growing it yourself: informal caring

Using the following table as a guide, identify some advantages and disadvantages, for both governments and individuals, of informal caring:

Informal care			
Individuals		Government	
Advantages	Disadvantages	Advantages	Disadvantages
Individualised, personal, caring	Lack of resources	Cheap	Provision not targeted on those who need it most
Further examples			



Provider	Example provision
Publicly funded and administered	Unemployment benefit
Publicly funded privately administered	Some operations on the NHS are carried out in private hospitals.
Publicly funded and administered by voluntary groups	Taylor et al ('Independent organisations in community care', 1994) note the way responsibility for community care has been increasingly transferred to both private and voluntary organisations
Privately funded and publicly administered	Some aspects of the welfare infrastructure – such as school and hospital building – are privately funded but managed within the state system
Privately funded and privately administered	Private hospitals

To put the idea of welfare provision into some sort of overall context, therefore, we can note it involves the idea of **welfare pluralism** – that is, welfare provided by a number of different groups and institutions. Pluralism is, of course, not a new idea; as we've seen, even before the creation of the welfare state a variety of different formal and informal welfare providers existed. However, **Burchardt** (1999) suggests, welfare pluralism can be theorised in a number of different ways, in terms of, for example:

- A **one-dimensional model**, where 'welfare can be divided into a dominant and monolithic state sector with a residual 'private' category including anything that is not directly provided by the state or is not tax-funded'.
- A **two-dimensional model** which 'allows for state purchases of private services, and private purchases of public services, as well as the more traditional all-public and all-private sectors'.

She also, however, notes a possible *third dimension* to the public – private relationship, namely **decision making** on the part of consumers. This involves the idea

publicly funded welfare is provided by a range of private producers from which the consumer then chooses. Although this type of decision-making relationship has rarely been explored in the UK, one example was the introduction of a **voucher system** for the purchase of nursery care. Introduced in 1996/97 (by the then Conservative Government – it was subsequently scrapped by New Labour), government funds (in the form of a voucher) could be used by parents to purchase childcare from private providers.

Within the context of welfare pluralism, we can also note the changing nature of welfare delivery. In terms of **public welfare**, for example, we can identify three basic modes of delivery for services and benefits.

- **Universal** forms of delivery are based on the idea everyone in a given population has access to welfare benefits – whether they need them or not at any given time. Within this category we could note such things as the National Health Service as being 'universally delivered'. In terms of economic benefits, however, there are few forms of universal provision – child benefit (paid to parents with children,



regardless of their income level) being a notable exception.

- **Selective** forms of delivery, on the other hand, can be considered in terms of their *targeting* at specific groups, rather than the whole population. The selection process to decide eligibility is usually based on *means testing*; for example, if your income is below a certain specified level you receive the benefit or service (Higher Education tuition fees, for example, are based around a means test of eligibility).
- **Insurance-based** benefits and services are based around the idea certain forms of risk (such as unemployment or old age) are effectively pooled, in the sense people pay a proportion of their income to the government (through National Insurance contributions, for example) and receive benefits as and when (or if) they need them.

Discussion point: feeling the benefit?

In small groups, identify and discuss the possible advantages and disadvantages of the three basic types of service and benefit delivery models identified above.

As a class, combine your ideas to evaluate the strengths and weaknesses of each type of delivery model.

Which model do you feel is the most effective way of delivering welfare services and benefits?

Depending on the precise relationship between these different types of delivery model, we can characterise the role of welfare

systems (and, by extension, the role of welfare providers) as relating to what **Neville Harris** ('The Welfare State, Social Security and Social Citizenship Rights', 1998) identifies as the 'Two chief models of welfare systems'. In idealised terms, these involve:

- **Residual models**, based on ideas relating to:
 - **Absolute poverty**: Welfare provision is aimed at those who live beneath a specified poverty line, usually – but not necessarily – defined in terms of minimal biological and cultural needs.
 - **Selectivity**: Help, where it is provided by the state, for example, is targeted specifically at those considered to be in absolute poverty.
 - **Safety net**: Welfare is seen to provide a way of ensuring the very poorest in society do not fall below a minimum standard of living for the society in which they live.
 - **Objectives**: The main objective of welfare is to help people to eventually provide for themselves and their families through, for example, work.
 - **Providers**: Although, within this type of model, the state has some role to play in welfare provision, the main providers are normally voluntary organisations (such as charities) and private welfare agencies (which means individual welfare provision tends to be largely insurance-based; individuals buy private insurance against illness, unemployment and so forth).
- **Institutional models**, based around ideas such as:
 - **Relative poverty**: Welfare provision is aimed at those who live below an



average level of living standards. These people, depending on the society in which they live, may not be considered destitute; rather, they are probably best viewed as being relatively deprived when compared to 'normal and expected' standards of living in their society.

- **Universality:** The focus of welfare provision is less on individual cases, as such, and more on the desire to ensure general levels of living standards for the majority of a population. Welfare, in this respect, is viewed in terms of social, rather than specifically individual, needs. A National Health Service, for example, has general social benefits because it prevents the spread of disease by ensuring those who are ill receive treatment, regardless of their ability to pay for it.
- **Redistributive:** Universal forms of provision are normally funded through general taxation, progressively levied on the individual's ability to pay. In the UK, for example, the greater your income, the more income tax you pay (at least in theory – the rich tend to develop ways of minimising the amount of tax they actually pay as, in some instances, do the very poor when they work 'cash-in-hand' for example).
- **Objectives** for this type of system vary. In the UK in the twenty-first century, for example, the state is faced with markedly different problems to solve than those faced at the end of the Second World War – then, the problems were ones of economic and environmental reconstruction, the relief of absolute poverty and so forth.

Now, problems are essentially two-pronged.

Firstly, although poverty relief is still important, living standards have risen; this has tended to change the welfare focus to that of social inequality – as poverty has declined, for example, inequality has increased.

Secondly, problems of social inclusion and integration are increasingly significant now (when they weren't in 1950s). The impact of economic globalisation, the problem of fragmenting social relationships, a greater sense of individual identities and needs, combined with the rise of New Right welfare ideologies and so forth have created problems of social inclusion and exclusion that, arguably, have to be solved by the state.

- **Providers:** In general, the state is seen as the one institution in society with the power and capability to both provide universal forms of welfare and to coordinate the welfare efforts of a variety of different providers.



Growing it yourself: residual and universal?

The welfare system in our society arguably combines elements of both the residual and universal models. Using the following table as a template, identify elements of welfare provision that reflect:

Residual models	Universal models
Housing benefit	National Health Service Child benefit
Further examples	