
UNIT SWH.100
**POVERTY AND
HOUSING CONDITIONS**

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Introduction

The unit is concerned with social welfare and housing. Welfare is usually taken to mean a state of satisfactory health or well-being. Most of us are able to provide this for ourselves, but there are some people who need support to do this. Social welfare is protection provided for people who are not able to provide adequately for themselves.

Welfare provision is likely to be necessary when people are not able – for various reasons – to produce sufficient income to maintain and care for themselves.

Activity 1

What might prevent people from providing for themselves?

Identify some groups who may not be able to do this.

Do you think society should take care of those who are not able to do so for themselves?

Are there any people that you would exclude from state assisted social protection?

Comment: *People may not be able to provide for themselves because they are not in work, or are unable to work. There may not be enough jobs for them to do, or the skills that they have are not appropriate for the jobs available.*

They may not be able to provide for themselves because they are ill, or prevented from working by some other incapacity. Some may be pregnant or looking after children or other members of the family. Others may be beyond working age.

You may agree or disagree on the question of whether the state should provide for people who cannot look after themselves, but it is undeniable that most cultures assume some responsibility for vulnerable and incapacitated members. The extent to which governments provide support is a matter of political philosophy.

The groups usually excluded from consideration of state support are those who are most often seen to be receiving social benefits at the expense of others and are considered either 'undeserving' on the grounds of discrimination or a belief that they should help themselves.

Social welfare provision covers a range of services set up to provide protection for people who are generally not able to provide the protection for themselves and/or their families. It includes services such as Income Support for those not working; personal social services, for children who are mistreated, for example, or who have no one to care for them; for older people, for families and individuals who are vulnerable. Health services are provided for people with disabilities, for the chronically sick and the mentally ill.

Most welfare services are provided by law, or 'statute' – that is, by legal obligations to do so. These services are known as 'statutory' services and they include providing financial benefits to people out of work or on low incomes, health service and social services.

There are also a range of 'non-statutory' providers of services that assist and support the role and function of the statutory providers. These are voluntary organisations, many of which may be charities, some of which are entirely supported by volunteer labour - but not all - and they have usually been formed to provide a service for the benefit and support of vulnerable groups and individuals, often in a welfare or support capacity.

Preface

In this block we will be looking at:

- Defining and measuring poverty
- Social exclusion and sustainable communities
- Tackling poverty and creating sustainable communities

The block will begin by examining what is meant by poverty. Our view of the poor in Britain today is very different to that of 100 years ago. When we talk about being poor in contemporary Britain we do not often think of people who are literally starving. Our definition of poverty and perception of what it means to be poor has implications for society as a whole.

We will be looking at where the line is drawn between those who are considered to be poor and those who are not – defining the poverty line. This means that we can calculate the number of people who are in poverty and can determine who they are. In this Unit we will also be looking at a number of measures of poverty – different measures of who is poor and who is not. Groups that are more or less likely to experience poverty will also be discussed.

In modern society it is acknowledged that disadvantage is not just related to a lack of money or poverty. People can be disadvantaged because they are excluded from many services and have little social contact. It has also been recognised that communities need to have a good network of services and make effective use of all their resources, including the people that live there. The definition and measurement of social exclusion and sustainable communities will be examined.

The section that looks at the ways of tackling poverty will start with the historical roots of the Welfare State and the current benefits system. This block will also look at some of the ways of encouraging sustainable communities

Outcomes

After completing this block, you will be able to:

- define and measure poverty;
- understand the effects of poverty and the cycle of deprivation;
- understand the relationship between providers and clients;
- identify attitudes to poverty and the legal obligations of social welfare providers; and
- understand the effects of unemployment patterns and distribution and government programmes to alleviate the effects of unemployment.

A. Defining and Measuring Poverty

1. Introduction

To appreciate the nature and extent of poverty in contemporary Britain it is important to be clear about exactly what the term means. It has been defined in two distinct ways – **absolute** poverty and **relative** poverty. These definitions provide both a historical and a cultural perspective revealing that poverty can change over a period of time and that the definition differs in different cultures and settings. For example, the poor in the 19th century were poor, very often, to the extent that they did not have enough to eat and very few material possessions. This image of the poor is not so much the case in contemporary Britain. Poverty these days is a **relative term**. The poor usually have televisions, housing, clothing and so on, revealing how things have changed.

From a cultural perspective, we might consider that in some third world countries **absolute** poverty is evident with people deprived of the basic necessities of life – food, water and clothing.

2. Absolute Poverty

Absolute poverty is a state where people have only the basic income requirements to survive. The standards used to calculate whether someone is in absolute poverty or not is usually based on the amount of income they have to pay for the **basic** necessities of life – food, clothing and shelter.

One of the first studies of poverty, conducted by Seebohm Rowntree in York in 1899, calculated the income required to pay for a basic diet, a minimum amount of clothing and to pay the rent. Anyone not meeting the income requirement was considered to be in poverty. This he called **primary poverty**.

Of course some people received incomes sufficient to pay for these items, but spent them unwisely – on drink or gambling, for example, (and who could blame them given the conditions in late 19th century England) – and therefore did not have enough money to pay for necessities. Rowntree called this **secondary poverty**. Primary and secondary poverty are both forms of absolute poverty.

A more graphic way of visualising poverty might be to think of it in terms of famine we are often confronted with in parts of the world where people have no material possessions and very little food and drink. A state in which someone has less than the basic necessities of life is state of **absolute poverty**.

It is rare to see examples of this in contemporary Britain, although it is not completely unknown. Although we don't always know about the real conditions the homeless experience, some homeless people may well be in a state of absolute poverty.

3. Relative Poverty

Relative poverty, on the other hand, acknowledges that things change over time and what may have been considered necessities in former times may not be considered so in present times. For example, a basic diet in 1899 would be different from a basic diet today.

In countries such as Britain, which is considered an advanced industrial nation, the standards of living for the substantial majority of the population have risen significantly over the years. One only has to think back fifty years or so to the period just after the war and reflect on what people's expectations were to realise how much things have improved in the material sense at least.

Activity 2

What fairly standard items were not very common in 1950 that we take for granted today?

What items can you identify in contemporary British society which 10 years ago would have been considered futuristic/luxuries?

Comment: You might have noted that very few people had televisions or cars in 1950. Not many had telephones, or fridges and central heating was considered a luxury. Nowadays many of these are considered necessities. There are probably many other items you identified which are now considered necessities.

In response to common items today that were not so prolific ten years ago, you may well have identified mobile phones, computers, video players, satellite/cable television and so on. It won't be very long – maybe two or three years – before even these things are transformed and become part of what we may well consider as necessities rather than luxuries.

This helps us appreciate that a definition of poverty that is based on improvement in the standard of living needs to take account of many more things than just whether someone has enough to eat and drink, can afford decent clothing, and be able to pay for somewhere to live.

A definition of poverty that is not based on basic necessities raises the threshold of poverty – it draws the line between those that have enough and those that don't at a much higher point. It says that someone may be defined as poor if they don't have some of the things that most of the rest of us have – a television for example, or a fridge or a cooker.

Where the line is drawn has implications for those in poverty and the way the government deals with them, particularly the number of people it is responsible for within a social security system.

Various definitions and measures of poverty have been proposed – from official indicators such as entitlement to state financial support, to whether they can afford to take a holiday for a few days each year. Debates around these issues are often heated and emotive and tend to concentrate on whether one has sympathy with those who have little money or not.

4. The Poverty Line

The poverty line is the threshold between poverty and non-poverty. It is the line that determines whether one is poor or not. The way poverty is defined determines the poverty line. Most of us would agree that vast numbers of people living in subsistence economies where there is barely enough to feed the population are living below the poverty line.

Activity 3 'There but for the grace of God ... '

1. *Imagine you have lost your job. Estimate the likely costs per week for the following items for you (and your family):*

Food

Electricity/gas

Clothing

Travel expenses for shopping etc.

Entertainment/leisure

Replacing household items

School items

Other - specify

Would you add any additional allowances? Is this the minimum requirement to subsist at this level, or have you been slightly generous?

Comment: *What you have done in answering this question is to calculate the components of a household budget that forms the basis for saying how much someone might receive in benefits. In other words, you have produced a baseline for determining the allowances necessary to live at a basic subsistence level. Anyone who receives less than this may be described as living below a line of subsistence - the poverty line - and others as living above it.*

In 2004 the basic income support allowance for 2 parents and two children under 10 years of age is £187.79 per week less any other income, including benefits. In this case, £27.55 of Child Benefit has to be deducted, leaving a balance of £160.24. How does this compare with your estimate?

The most common yardstick for determining the poverty line in the UK is the government's Income Support level. It was previously known as National Assistance and at another time, Supplementary Benefit. The level was first introduced in the National Assistance Act of 1948 as part of Welfare State reforms. National Assistance was a means-tested 'subsistence' income provided for those who had not paid sufficient National Insurance contributions to cover unemployment.

Nowadays Income Support is set at levels to provide for a household's needs for food, clothing, footwear and fuel, 'normal' travel, laundry and other household expenses. It is also meant to cover some leisure and amenity items like television licences and rental, tobacco, newspapers and confectionery. It reveals that the definition of poverty has moved from an absolute definition to something of a 'relative' definition.

Activity 4

What things are likely to be sacrificed where money is short?

Comment: *The things that are likely to be sacrificed could include important things like:*

- *fruit and vegetables in a diet;*
- *regular hot meals – 2 or 3 per day;*
- *entertainment/leisure activities like the cinema and sport, days out, holidays;*
- *toys;*
- *special celebration events like birthdays and Christmas;*
- *presents;*
- *heating in all rooms;*
- *household appliances like washing machines*
- *new shoes and clothes.*

A number of academics and researchers have challenged the ‘official’ definition of poverty as defined by the government, saying it is too low. Some of the first were Abel-Smith and Townsend in 1965 (*The Poor and the Poorest*) whose definition pitched the poverty threshold at 140% of the SB standard (SB + 40%), resulting in considerably more people (in their terms) qualifying as in poverty. This means that if someone was receiving £100 in benefits, by the 140% yardstick they should be entitled to £140.

You can see from this sort of reasoning that if the poverty line threshold is raised more people need to have their income increased to reach the new basic minimum, or new ‘poverty line’.

Similarly, people who were previously earning above the old level would suddenly qualify to be included in subsistence payments. The cost of this to the Treasury would be enormous, so one can see why there is an interest in the government maintaining it at a lower level.

Alongside these issues is that of providing incentives for people to claw themselves out of poverty and to make attempts to provide for themselves. The argument goes, if you provide people on the margins of poverty with too much, they will not make any effort to get themselves out of it. If you provide them with just enough, then they will be encouraged to try to improve their situation.

This is an interesting position to take. It assumes that:

- *people are inherently lazy and have no desire to raise themselves out of a subsistence existence;*

- people are all the same and not deserving of separate consideration. For example, the sick and disabled avoid work rather than are incapable of doing it;
- there is enough work for everyone to do and it is the fault of the individual that they are not employed, and that governments and business are not responsible for periods of unemployment.

The government's current official definition of the poverty line is 60% of the median (the point where half the population earns less and half earns more) equivalent household income. If these calculations were done using the raw income received by each household, this poverty line would give a misleading picture of the standard of living. For example, a person living on their own with an income of, say, £1000 per month will have a higher standard of living than a family of two adults and four children. For this reason, the 'equivalent household income' is an adjusted figure that takes account of the household composition. This means that if the median household income was £1000 per month, households with an income of £600 or less per month would be classified as being in poverty.

The method used for identifying poverty outlined above is directly linked to the amount of income someone has and the amount of money that the government considers appropriate to provide for people without their own sources. In 1983, Mack and Lansley undertook a survey for London Weekend Television which identified the number of people living in poverty. They defined poverty as not having the things that the whole population living at that time considered to be necessary for an acceptable standard of living. The survey was repeated in 1991.

The approach first used by Mack and Lansley was revisited by the Poverty and Social Exclusion Survey funded by the Joseph Rowntree Foundation and published in 1999. There were two parts to the Poverty and Social Exclusion Survey. The first part asked a representative sample of the population whether or not they considered a list of items to be 'necessary and that no adult should go without'. Where more than 50% of people indicated that they considered the item to be a necessity, it was included in the definition of poverty. The second part of the survey asked people to indicate whether or not they had the items identified as necessities, and if they did not have the item, whether this was because they could not afford it.

Activity 5

Identify which eight of these items that you consider to be the most necessary for adults.

Beds and bedding for everyone in household
 Heating to warm living areas of the home
 Damp free home
 Visiting family or friends in hospital
 Two meals a day
 Medicines prescribed by a doctor
 Refrigerator
 Fresh fruit or vegetables every day
 Warm waterproof coat
 Replace or repair broken electrical items
 Visits to friends or family
 Celebrations on special occasions such as Christmas
 Money to keep home in a decent state of decoration
 Visits to school e.g. sports day
 Attend weddings, funerals
 Meat, fish or vegetarian equivalent every other day
 Insurance for home contents
 Hobby or leisure activity
 Washing machine
 Collect children from school
 Telephone
 Appropriate clothes for a job interview
 Freezer
 Carpets in living rooms and bedrooms
 Regular savings (of £10 per month) for rainy days or retirement
 Two pairs of all weather shoes
 Friends or family round for a meal
 A small amount of money to spend on self not family each week

Television
 Roast joint or equivalent once a week
 Presents for friends/family once a year
 A holiday away from home once a year not staying with relatives
 Replace worn out furniture
 Dictionary
 An outfit for social occasions
 New, not second hand clothes
 Attending a place of worship
 Car
 Coach/train fares to visit friends/family four times a year
 An evening out once a fortnight
 Dressing gown
 A daily newspaper
 A meal in a restaurant/pub
 Dressing gown
 Daily newspaper
 A meal in a restaurant/pub once a month
 A microwave
 Tumble dryer
 Going to the pub once a fortnight
 Videoplayer
 Holiday abroad once a year
 Home computer
 Dishwasher
 Mobile phone
 Access to the internet
 Satellite television

Look at the table below which shows the results from the Poverty and Social Exclusion Survey. How do your views on what are necessities compare with the general population?

Necessities Identified in the Poverty and Social Exclusion Survey 1999

Necessary	%		%
Beds and bedding for everyone	95	A small amount of money to spend on self weekly not on family	59
Heating to warm living areas of the home	94	Television	56
Damp-free home	93	Roast joint/vegetarian equivalent once a week	56
Visiting friends or family in hospital	92	Presents for friends/family once a year	56
Two meals a day	91	A holiday away from home once a year not with relatives	55
Medicines prescribed by doctor	90	Replace worn-out furniture	54
Refrigerator	89	Dictionary	53
Fresh fruit and vegetables daily	86	An outfit for social occasions	51
Warm, waterproof coat	85	New, not second-hand, clothes	48
Replace or repair broken electrical goods	85	Attending place of worship	42
Visits to friends or family	84	Car	38
Celebrations on special occasions such as Christmas	83	Coach/train fares to visit friends/family quarterly	38
Money to keep home in a decent state of decoration	82	An evening out once a fortnight	37
Visits to school, e.g. sports day	81	Dressing gown	34
Attending weddings, funerals	80	Having a daily newspaper	30
Meat, fish or vegetarian equivalent every other day	79	A meal in a restaurant/pub monthly	26
Insurance of contents of dwelling	79	Microwave oven	23
Hobby or leisure activity	78	Tumble dryer	20
Washing machine	76	Going to the pub once a fortnight	20
Collect children from school	75	Video cassette recorder	19
Telephone	71	Holidays abroad once a year	19
Appropriate clothes for job interviews	69	CD player	12
Deep freezer/fridge freezer	68	Home computer	11
Carpets in living rooms and bedrooms	67	Dishwasher	7
Regular savings (of £10 per month) for rainy days or retirement	66	Mobile phone	7
Two pairs of all-weather shoes	64	Access to the Internet	6
Friends or family round for a meal	64	Satellite television	5

(Source: Gordon, D. et al *Poverty and Social Exclusion* Joseph Rowntree Foundation 1999)

The Poverty and Social Exclusion survey identified a separate list of items that were considered to be necessary for children to have an acceptable standard of living. This list included items such as having a friend round for a once a fortnight, a bicycle and educational toys.

When applying any definition of poverty, it is important to remember that different items or activities may mean more to some people than others. For example, being able to attend religious services may be very important to one individual and if they are unable to afford to do so they experience considerable personal hardship. Being unable to attend services may not trouble another person without particular religious beliefs.

The Poverty and Social Exclusion Survey found that the proportion of households that lacked necessities has risen since the first study in 1983. In 1983, 14% of households lacked three or more necessities because they could not afford them. In 1999 this had risen to over 24%.

Activity 6

Can you identify reasons for the increase in the proportion of households lacking three or more necessities?

Answer

There is no single answer to this question.

Living standards have risen since the first survey in 1983. There are many items that are now much more common and, therefore, are more likely to be identified as a necessity. For example, in 1983 67% of people thought that a washing machine was essential compared to 76% in 1999.

Not all state benefits have kept up with the rise in earnings and, therefore, the general standard of living.

5. Who Is Living In Poverty?

In 2002/03 the Office for National Statistics estimated that 17% of people were living in households with less than 60% of the median equivalent household income. This is the definition of poverty currently used by the government.

Activity 7

Which groups of people do you think are more likely to be living in poverty?

Answer

You might have identified the following:

- *Pensioners, particularly women living on their own*
- *Families with young children*
- *People living in the North, Midlands and Wales, particularly in former industrial areas*
- *Some ethnic minority groups such as the Bangladeshi and Pakistani populations are more likely to be living in poverty*
- *People who are unemployed and their families*
- *People who are unable to work due to illness, disability or caring responsibilities*
- *People working in unskilled and casual jobs*
- *Lone parent families*

There are clear regional differences in the proportion of people living in poverty. In 2000/2001, 23% of people living in the North East region were living in households with an equivalent household income before housing costs that was lower than 60% of the median for Great Britain. By contrast, the equivalent figure for the South East region was 10%.

**Percentage of individuals living in households below
60 per cent median income: by region, 2000/01**

	Before deduction of housing costs¹	After deduction of housing costs¹
Scotland	19	24
Wales	19	24
South West	15	22
South East	10	16
London	17	23
Eastern	12	17
West Midlands	20	26
East Midlands	20	22
Yorkshire & the Humber	19	23
North West	18	24
North East	23	28

(Source: *Households Below Average Income series*, Department for Work and Pensions.)

Whilst there are clear differences in the extent of poverty between regions, there are also considerable variations in the proportion of people living in poverty amongst people living in the same area. The Joseph Rowntree Foundation published a study of the housing benefit and council tax records for Birmingham. As both housing benefit and council tax benefit are means tested benefits, they can be taken as an indication of low income. This study showed that overall 27% of the population of Birmingham was living in a household that received one of the benefits. However, over 30% of children were living in families in receipt of housing benefit or council tax benefit. A similar proportion of pensioners were also in receipt of one or both of these benefits. Children and older people were thus at greatest risk of poverty, and the percentage in poverty rose markedly after the age of 50.

This study also highlighted the different rates of poverty between ethnic groups. People from Pakistani, Bangladeshi and Black Caribbean ethnic groups were more likely to be in receipt of housing and/or council tax benefit. People from White and Indian ethnic groups were less likely to be receiving one of the benefits. Nearly all of the Pakistani households that included someone aged 60 or over were in receipt of Income Support compared to less than half of the white households with someone aged 60 or over.

6. Social Exclusion and Sustainable Communities

For a long time the focus of much policy has been to alleviate poverty. It is clear that if people do not have enough money to sustain an adequate standard of living this has negative consequences on all aspects of their life. However, over the past five to ten years it has been recognised that there are other non-financial factors that can have an impact on people's quality of life and life chances.

Social Exclusion

It is fairly simple to see how if people have a low income they are not able to undertake all the activities that many people on higher incomes take for granted. However, social exclusion is more than just not having enough money. It is about accessing services and activities. Some people living on very low incomes have active social lives and are able to access a wide range of services. On the other hand, some people with reasonable incomes are isolated and are not able or comfortable accessing some services.

The Poverty and Social Exclusion survey distinguishes four dimensions of exclusion:

- poverty, or exclusion from adequate income or resources
- labour market exclusion
- service exclusion
- exclusion from social relations

Poverty or exclusion from income or resources has been discussed in detail above. Labour market exclusion can be linked to exclusion from income or resources and exclusion from some services and social relations. This link should not be underestimated. No matter how well or badly you get on with your colleagues, they provide a regular point of contact and some social interaction. However, it is important to remember that not everyone without a job is either living in poverty or socially isolated. Reasons for not working vary and many people not included in the labour market are retired and therefore may have other sources of income and social support.

Exclusion from services is a key element of social exclusion.

Activity 8

What public and private services do you feel are essential?

Answer:

The Poverty and Social Exclusion Survey identified the following services as essential

- *Water*
- *Gas/electricity*
- *Telephone*
- *Library*
- *Sports activity/hall*
- *Hospital with an Accident and Emergency department*
- *Doctor (GP)*
- *Dentist*
- *Optician*
- *Post Office*
- *Public transport services (bus, train, underground)*
- *Museum*
- *Evening classes*
- *Place of worship*
- *Chemist*
- *Corner shop*
- *Medium/large supermarket*
- *Bank/building society*
- *Pub*
- *Cinema*

The Poverty and Social Exclusion Survey found that more than 1 in 20 people had been disconnected from water, gas, electricity or telephone services, and over 1 in 10 had used these services less than they needed to because of their cost.

Only about half the population had access to the full range of services identified as necessary. It was also found that non-availability of services was a greater barrier to services (i.e. the service is not provided in the local area) than inability to afford the service. This raises concern that service providers are not ensuring that they are providing a service that is potentially accessible for the whole population. About 1 in 14 people were excluded from four or more of the services identified above. Nearly 1 in 4 people did not have access to two or more services because they were either unavailable or unaffordable.

The picture of exclusion from social relations painted by the Poverty and Social Exclusion Survey is also stark. Many people are not able to participate in social activities due to their caring responsibilities and/or disability. 1 person in 8 does not have contact with a family member or friend outside their household on a daily basis. Men living alone are most likely to suffer from

social isolation. Of a list of common social activities (e.g. visiting family and friends in hospital, attending wedding and funeral, having friends or family for a meal), 1 in 10 people in the survey is excluded by cost from five or more activities. 1 in 5 people were excluded from three or more of these activities

Further information on the Poverty and Social Exclusion Survey
<http://www.jrf.org.uk/knowledge/findings/socialpolicy/930.asp>
www.bris.ac.uk/poverty/pse/welcome.htm

Sustainable Communities

Most recently people have begun to talk about ‘sustainable communities’. There has been a growing concern that in some parts of the country there are large numbers of empty and abandoned homes whilst in other parts house prices are very high and many people struggle to find decent, affordable housing. This concern was linked to problems of anti-social behaviour, crime and lack of formal employment in some areas. Some people feared that communities were becoming increasingly divided and this was creating tensions between and within neighbourhoods.

In 2004, the **Egan Review: Skills of Sustainable Communities** was published. This Review was set up to identify the skills required to create and maintain sustainable communities. It defines a sustainable community as –

‘... [meeting] the diverse needs of existing and future residents, their children and other users, contribute to a high quality of life and provide opportunity and choice. They achieve this in many ways that make effective use of natural resources, enhance the environment, promote social cohesion and inclusion and strengthen economic prosperity’

This is a very wide-ranging definition of what is a sustainable community. It is made up of a number of different elements. It covers the use of physical resources such as land and sources of energy. For example, a community cannot be sustainable if it is using up resources without replacing them or finding alternatives. Also, a sustainable community needs to have good relations between its residents, people who work in the area, employers, and service providers.

The broad definition of sustainable communities means that some communities may be sustainable in some aspects but not in others. It is important to consider how the different aspects of sustainability influence each other. For example, if an area has a strong sense of community but little economic prosperity, will the continued stress of not having access to financial resources grind

down and undermine social cohesion? If an area is very prosperous economically but it does not make effective use of natural resources, will a lack of land and energy prevent economic growth in the future?

Activity 9

Think about what makes a sustainable community. What things can you identify that it might be possible to measure?

Self Test 1

1. *What is meant by absolute and relative poverty?*
2. *What is meant by the terms primary and secondary poverty?*
3. *What is the 'poverty line'?*
4. *What is usually taken as the official definition of poverty?*
5. *What is unique about the definition of poverty used in the Poverty and Social Exclusion Survey?*

Now turn to the Answers at the end of the Block.

7. Who Are The Poor?

The extent of poverty

The answer to this question depends on how poverty is measured. In 1992-93 13,680,000 people were living on or below the Income Support level – 24% of the population. This is the figure as defined by official measures of poverty. In the same period 14.1 million people were living below 50% of average income – 25% of the population.

Groups in poverty

There have been changes in the economy over the last two decades that have resulted in fewer people being required in the workforce. Manufacturing industry - that is the sector that turns raw materials into goods like cars, clothes and washing machines – significantly declined during the 1980s, and increased automation has contributed to this. This has led to high levels of unemployment in some areas of the U.K.

The least skilled members of the workforce are particularly vulnerable to unemployment and levels of unemployment amongst this group are many times higher than those for professional workers. Automation will often account for many jobs normally occupied by unskilled workers, and a lack of skills does not provide many opportunities for employment.

The long-term unemployed are at a greater disadvantage in terms of finding work than the short-term unemployed. There is a significant deterioration in their material conditions compared with those out of work for a shorter period. Their savings become exhausted and items like furniture and clothing deteriorate. Combined with psychological deterioration – reduced confidence, low self-esteem, stress and depression and a prolonged absence from a structured working environment, it is more difficult for the long-term unemployed to find work. They are therefore likely to be exposed to continuous low income, usually state benefits.

The unskilled work in low paid, insecure jobs which place them at the bottom of the labour market. The chart below illustrates clearly the link between low educational attainment and unemployment.

Unemployment rates¹: by highest qualification and gender, Spring 2000

United Kingdom				Percentages		
	Above A level	GCE A level or equivalent	GCSE grades A* to C or equivalent	Other	None	All ²
Males	2.5	4.5	7.5	8.6	13.7	6.1
Females	2.2	4.5	5.4	6.6	8.2	4.9
All	2.4	4.5	6.3	7.7	11.1	5.6

¹ People of working age: males aged 16 to 64, females aged 16 to 59. Unemployment based on the ILO definition. See Appendix, Part 4: ILO unemployment.

² Includes those who did not state their highest qualification.

(Source: Labour Force Survey, Office for National Statistics.)

The low paid are another group at great risk of poverty. The Low Pay unit estimates that 45% of British workers are on low pay which is defined as less than the male average wage. Nearly 80% of low paid workers are part-time of which a substantial portion are women. Part-time work usually equates to low pay and poor conditions.

Low paid workers are often caught in the poverty trap because an increase in their earnings means a loss of means-tested benefits. It has been estimated that over 400,000 workers in the early 1990s were caught in the poverty trap.

The low paid are usually unskilled and employed in insecure jobs. A greater number of women than men are affected by low pay. Women's pay is generally only about 75% of men's in any case. This becomes crucial when one is on low wages.

The increase in the number of families headed by a female makes the issue of low pay significant for women.

The income from low paid employment often means that there are insufficient resources to cover the costs of children, and they feature as a group highly represented in poverty.

Children feature significantly in terms of poverty. Higher proportions of children than adults live in poverty. 4.3 million – 30% of all children – are living in poverty compared with 10% in 1979.

The children will usually be in families where there is no full-time employed parent, and where families are larger.

Lone parents are very likely to be in poverty not least because of the high costs of looking after children, but also because they have limited employment opportunities. It is estimated of the 1.3 million lone parents in Britain, just under 1 million are on Income Support.

There has been a substantial increase in lone parent families in the UK since the 1970s. This has been attributed to the growth in the number of divorces and the increasing number of parents, usually women, bringing up children on their own. In 1971 4% of households were headed by a lone parent. In 2000 this had risen to 10%.

The sick and disabled make up another group most at risk from poverty. According to government information 6.2 million adults – 14% of the population – and 360,000 children – 3% of all children – suffer from one or more disability.

Of all the people with disabilities, 34% are living in poverty – many are simply unable to work and others are limited to particular types of employment, usually low paid.

For disabled people of working age the average income is just under $\frac{3}{4}$ of the average income for a non-disabled person. One wonders whether this means that disabled women get $\frac{3}{4}$ of a 75% salary!

Expenses for disabled people tend to be higher than for the non-disabled. So, not only do they find it more difficult to obtain employment, often receive a lower wage when they are in work, but they also have higher costs related to their disability. It is no surprise to find the disabled in poverty and their presence, particularly for those who are working (probably on low pay) goes some way to dispelling the myth about the poor not wanting to help themselves.

The number of people with disabilities has risen over the years due to increased longevity in general, (and therefore a greater chance of becoming disabled), and medical improvements which have increased the survival chances of people who may well be, or become disabled.

Older people make up about 18% of the population. Approximately 11 million people are over the retirement age. Women are significantly represented in this group because they generally outlive men.

Older people tend to rely on their pensions for income and the state pension is less than 20% of the average male weekly earnings. As a result, older people without additional pension income need Income Support to survive.

Furthermore, poverty reflects the divisions in employment and income received prior to retirement.

‘Those who are poor in old age are most likely to be the ones who have earned least in their lifetime ... low paid people, lone parent families, disabled and unemployed people - are all likely to be poor in their old age’.

(Source: Moore, Stephen, *Social Welfare Alive*, Stanley Thornes (publisher), 1998, p85.)

Activity 10

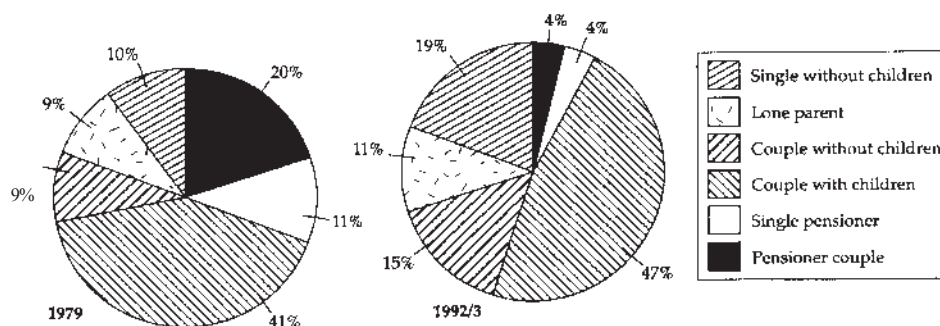
Identify the major factors that are likely to contribute to greater risks of falling into poverty for the groups identified above.

Comment:

- *In some situations it could be low education qualifications resulting in people having very few skills to take to the employment market;*
- *Unskilled jobs are usually insecure and poorly paid;*
- *Those who have limited opportunities in the employment market - lone parents, the sick, people with disabilities - are likely to get low-skilled, low paid, insecure employment;*
- *The poverty of the elderly is usually related to what work they did prior to retirement. If they were in low-income employment they are more likely to be poor as pensioners.*

THE NEW POOR AND THE OLD POOR

The changing composition of the poorest 10% between 1979-1992-3 (income after housing costs), by family status



(Source of figures: DSS, *Households Below Average Income: A statistical analysis, 1979-1992/3*, and revised edition (HMSO, 1995). Redrawn from C. Oppenheim, *Poverty: The Facts* (CPAG, 1996). From *Social Welfare Alive*, Stephen Moore, p.85.)

The charts above show the changing composition of the poorest 10% of the population between 1979-1992/93. They show that couples with children are still the largest group in poverty and have grown from 41 % in 1979 to 47% in 1992/93.

Couples without children have risen from 9%-15% over the period, and single without children from 10%-19%.

Pensioner couples and single pensioners have fallen from 20%-4% and 11%-4% respectively.

	1979	1992/93
Couples with children	41%	47%
Couples without children	9%	15%
Single without children	10%	19%
Pensioner couple	20%	4%
Pensioner single	11%	4%

8. Race and Poverty

Afro-Caribbeans have a higher proportion of unemployment than white people even when their educational qualifications are the same.

They are also more likely to earn lower wages than white people when they are in employment, and to be employed in sectors which pay lower wages.

Unemployment rates¹: by ethnic group and age, 1997-98²

Great Britain					Percentages
	16-24	25-34	35-44	45-59/64 ³	All aged 16-59/64 ³
White	13	6	5	5	6
Black	39	18	12	16	19
Indian	18	7	6	7	8
Pakistani/Bangladeshi	29	16	13	26	21
Other groups ⁴	22	13	10	8	13
All ethnic groups ⁵	14	7	5	5	7

¹ Unemployment based on the ILO definition as a percentage of all economic active. See Appendix, Part 4: ILO unemployment.

² Combined quarters: Spring 1997 to Winter 1997-98.

³ Men up to the age of 64, women up to the age of 59.

⁴ Includes those of mixed origin.

⁵ Includes those who did not state their ethnic group.

Source: Labour Force Survey, Office for National Statistics.

(Social Trends 29, 1999 Edition, The Stationery Office, p 82.)

Across a range of ethnic groups unemployment rates in every age group are lower for white people than for people from those groups shown in the table.

9. Women and Poverty

It is estimated that there are about 5.4 million women in poverty today – 56% of adults. This is because women tend to make up significant numbers of the low paid, lone parents, the sick and disabled and older people. They may constitute a fairly high figure of the unemployed too, but the numbers for this are hidden in households where there is an adult male. Women don't get counted in these circumstances whether the male is working or not.

Women also make up significant numbers of the poor because their family responsibilities often restrict their possibilities for a career or employment. Consequently many women end up in limited, low paid jobs.

Having children disrupts employment and careers are usually built on regular, uninterrupted work patterns. Women may have to choose between children and a career.

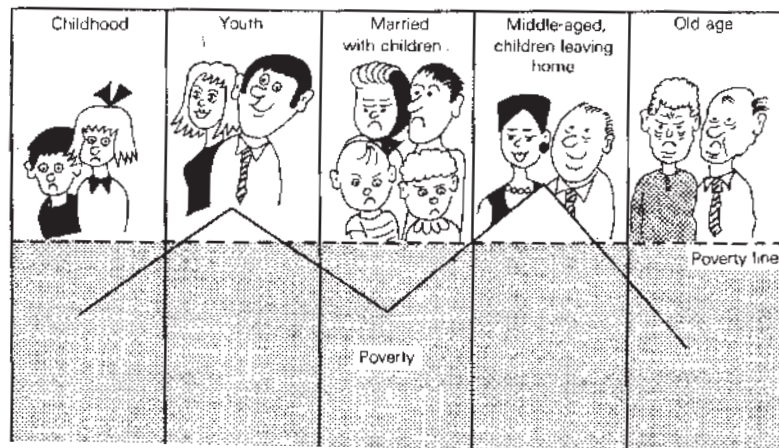
The pattern of work for women can mean that contributions to non means-tested benefits are not sustained and when state assistance is required it is usually Income Support – the lower level financial assistance.

Women very often take on caring functions as part of the role within families. This involves not only children but sometimes disabled partners or relatives. It is estimated that there are almost 4 million women carers in the UK. Many spend upwards of forty hours a week looking after others for nothing. This is not only a vital free service for society, but it prevents women from seeking paid employment elsewhere. Some argue that it should be paid for as a form of employment.

Many women are on low pay, usually in part-time work. As many as 5 million women worked part-time in the mid-1990s and 77% were on low pay. Women's wages in any case are less than 75% of those of men on average.

10. The Cycle of Poverty

The term 'the cycle of poverty' refers to a process where individuals are likely to drift in and out of poverty at different stages of their lives.



(Source: *Sociology Alive*, Stephen Moore, Stanley Thornes, 1987, p.252.)

Activity 11

Explain why, at different stages in the lives of the people illustrated above, they are either in or out of poverty.

Comment: As the illustration shows, children are often in households which are poor because the costs of meeting their needs and maintaining a family are at their highest. For families on low incomes it is easy to see that the costs of raising children and providing for the needs of everyone in the family are likely to be high.

In the next stage of life, youths without responsibilities or financial commitments, possibly living away from home, are likely to have more disposable income, as are the parents (if they are working) because their financial burdens are reduced. This marks a period of possible relative affluence.

When couples form a family and have children, costs increase and in low income households this could mean a return to poverty. The cycle proceeds as explained above and after a period of possible relative prosperity in middle age, parents may well fall back into poverty when they finish work and they move into old age. Their offspring may not be in a very healthy financial position themselves to contribute financially because they have children to maintain.

11. The Culture of Poverty

The term culture describes a process where particular patterns of behaviour are learned by those subjected to them. In British society – as in all societies – there are a number of rules or norms that govern the way most individuals respond, and there are sets of values and beliefs that direct our actions.

The transmission of norms, values and beliefs is the basis for developing the rules and forms of behaviour which underpin societies and provide a framework for its continuance. They are taught from the moment we are born and they are reinforced continuously throughout our lives.

Sociologists talk about primary and secondary socialisation. Socialisation is a term used to describe a process of social learning that each of us experience in order to function in the social world. *Primary socialisation* is the first stage in this process that takes place - usually within the family – before an individual encounters the wider social world. It is the process in which young children learn such things as language, the difference between right and wrong, how to share, to give and take and so on.

Secondary socialisation occurs when individuals branch out from the family to engage with the wider social world. This usually starts at school and it goes on right through a person's life.

In much the same way as we have learned these things in the course of growing up and being immersed in a 'culture', so too, it is maintained, do the poor. In effect, they create a 'sub-culture' based on their experience of living on the fringes of society.

Activity 12

Think about people that you know of who are materially disadvantaged. Without making moral judgements, what are their likely attitudes to such things as:

engaging with others;

education and qualifications;

work and unemployment;

playing by the rules of the wider society.

Comment: *The answers to these questions may be that people in severely disadvantaged positions feel detached from society, helpless and inadequate in relation to many other people who go out to work and earn a living.*

They may feel inferior, with low self-esteem and resigned to their position in the social structure with a sense of fatalism about their ability to raise themselves out of it.

They may not value education and qualifications and therefore end up in low-skilled, low-paid jobs that simply confirm and perpetuate their marginalisation.

Whilst others benefit from society's economic rewards, they are forever on the margins and struggle to improve their position.

In other words, the norms, beliefs and attitudes for the poor are developed differently to the norms and values that are accepted within the wider society - they have effectively created their own 'culture' in response to their marginalisation.

This explanation is not promoting the notion that poverty is the individual's fault. On the contrary, it emphasizes instead that individuals are brought up to accept certain responses and ways of behaving that give them little chance of escaping from poverty.

Self Test 2

1. *Which groups of people are most at risk of poverty?*

2. *What is meant by the term the 'cycle of poverty'?*

3. *What do the terms 'primary and secondary socialisation' mean?*

4. *What is meant by 'the culture of poverty'?*

Now turn to the Answers at the end of the Block.

12. Tackling Poverty and Creating Sustainable Communities

Tackling poverty

Since the Labour government came to power in 1997, there have been a number of changes to the benefits system. A system of tax credits was introduced to replace the benefits provided for households on low incomes. In 1999, Working Families Tax Credit replaced Family Credit, and Disabled Person's Tax Credit replaced Disability Working Allowance.

The move to tax credits transferred the administration of income supplements for households on low incomes from the Department for Work and Pensions to the Inland Revenue. This shift in classification from benefit to tax credit also had implications for the government's accounts. A tax credit is classified as a reduction in tax received by the government rather than a cost that they have to meet. It was hoped that the change from an income benefit to a tax credit would increase take up of the benefit. Many people perceive that there is a stigma associated with claiming and receiving income benefits from the state, whereas the majority of people would rather not pay tax and welcome tax credits.

From April 2003, Working Families' Tax Credit and Disabled Person's Tax Credit were replaced by two new tax credits, Working Tax Credit and Child Tax Credit. This change simplifies the tax credit system. There is one tax credit - Working Tax Credit - for all people in work on a low income who have children and/or people with disabilities in their household. It also extends the tax credit system to all single people or couples aged over 25 years old working at least 30 hours per week on a low income. The Child Tax Credit is available to all households with children where the total household income is less £50,000 (2004 figures).

A Pension Credit was also introduced. This replaced the Minimum Income Guarantee, a means tested benefit that was administered in a similar way to Income Support. A report published in July 2004 by the Department for Work and Pensions indicates that 270,000 households that were eligible for the Minimum Income Guarantee but did not claim it were now in receipt of Pension Credit. This suggests that people are more likely to claim income supplements that are classified as tax credits rather than state benefits. A long-standing criticism of attempts to reduce poverty amongst pensioners is that schemes that are means tested are not available to people who have built up savings for their retirement. The Pension Credit goes some way to addressing this as it makes greater allowances for pensioners with personal savings.

Creating Sustainable Communities

As the definition of a sustainable community is so broad and covers many different aspects of life, there is no single way of creating or encouraging sustainable communities. Indeed, almost any policy will have some impact on whether or not a community is sustainable. Below are a number of initiatives that can broadly be classified as seeking to create sustainable communities.

Unemployment Initiatives

One of the key elements of a sustainable community is economic prosperity. Unemployment is a barrier to economic prosperity. The New Deal is a programme of support, training and education aimed at getting people into work. It was first introduced in 1997 and targeted at unemployed people aged 16 to 24 and those who had been unemployed for more than two years. These people were provided with a period of support and guidance that sought to prepare them for work. This was then followed by either a training course, a programme of voluntary work, or a work placement with an employer (who received a money to part cover the costs of their wage). The New Deal has now been extended to all unemployed people with specific programmes for lone parents and people over the age of 50. Official figures show that this initiative is getting people into work and training. However, some people have questioned the extent to which people are now moving from one training course to work placement and back again without finding long term employment.

Forward Scotland, an independent company with charitable status that receives development funding from the Scottish Executive to help build a more sustainable Scotland, has used the New Deal programme to actively encourage sustainable communities. The Jobs in the Environment project has provided a number of job placements with training for unemployed people aged 18 to 24 years old. These job placements have a direct link to creating sustainable communities. Examples include a consortium of housing association working with the local council to provide placements where the land owned by the housing association was landscaped. Individuals on these placements also received support in developing their literacy and numeracy skills and aimed to achieve a Scottish Vocational Qualification (SVQ). Other placements were offered by a not-for-profit company that aimed to reduce fuel poverty through insulation and draft proofing whilst providing job opportunities for the unemployed. Again, individuals were provided with training and sought to achieve a SVQ.

Barking Reach

Barking Reach is one of the largest development sites in London (324 hectares). It is situated in the London Borough of Barking and Dagenham between the A13 and the River Thames. The vision for Barking Reach is to create a model for sustainable living in the 21st century where best practice is used throughout. Over the next 15 to 20 years, over 10,000 new homes will be built to house a new community of around 25,000 people. Provision of effective and efficient transport links are essential for any sustainable community. The development will include new transport links, including an extension of the Docklands Light Railway into the main area of development. There will be new community facilities offering a variety of living, working, leisure and cultural amenities. The development will also make the best use of the site's assets and potential. The river will be used as a focal point of parts of the development and, for the first time, residents of Barking and Dagenham will have access to it. Barking Reach is brownfield land and requires land remediation, site clearance, diversion of services, and the removal of overhead power lines before this new community can be formed here. As Barking Reach is a completely new development that is being planned on a large scale from the start, there is an opportunity to build in factors that will encourage sustainability and consider how the community will interact and sustain itself in the long run.

Community cohesion in Bradford

Following the riots in the summer of 2001, Bradford Council implemented a number of initiatives to try to increase understanding between communities within the district. Schools in the inner city of Bradford with a majority of children from Asian backgrounds were paired with schools in other parts of the district. These schools then undertook a number of joint activities and visits to each other's schools. This project sought to introduce children to other children from different backgrounds whom they were unlikely otherwise to meet. It was hoped that this would create a greater understanding of the different cultures and backgrounds between children in the Bradford District. A similar project was developed with the neighbourhood forums. Neighbourhood forums are local groups that are used by the council to consult the public on various issues and allow them to raise their concerns with the council. A series of joint meetings were set up to enable people to meet individuals from other neighbourhood forums in different parts of the district. Through this process, people realised that they shared some of the same concerns of people living in very different communities.

B. The Effects of Poverty

1. Choice

Are people poor because they choose to be, because they don't try hard enough, because they are lazy and feckless? Or are they poor because society is constructed in such a way that there have to be winners and losers, and that complex social structures discriminate against certain groups?

One way of explaining poverty focuses on the individual who is seen as dependent on the state for survival because of a personal deficiency of some sort. The failure of some individuals to engage with society is their fault. Such people, it is maintained, should try harder. They are poor because they don't make sufficient effort and they therefore deserve to be poor. Why should we have any sympathy for them?

But is this really the case? The danger with this approach is that it lays the blame for being poor on individuals and the responsibility for escape from poverty on their shoulders alone.

Is this a fair way of examining the problem, one may ask? The answer demonstrates one's beliefs about poverty and determines the sorts of responses to poverty by governments in particular, but also other support agencies and organisations. If people are poor because they chose to be, then they should not be provided with the benefits and comforts that the rest of us receive *because they have brought it on themselves*.

This view is very simplistic and a fuller appreciation of the issues relies upon a deeper understanding of society and social structures.

To begin with developed industrial economies like ours in Britain are based on a complex economic system. Without penetrating too deeply into the detail, it needs to be recognised that resources are finite. There is a limited amount of physical and natural resources in the world – iron, coal, oil, and so on – and there is similarly a *finite amount of money or capital in the world*. When some countries and some individuals have more than an equal share of the resources, it surely must follow that others must have correspondingly *less* of them.

The richer, developed nations therefore have more resources because the poorer ones have less. Similarly, richer individuals have more because other individuals have less. It is a very simple equation.

An examination of those groups in society which have the higher status – judges, lawyers, doctors, architects and so on, those that command the highest salaries – reveals that they have a greater proportion of a nation's resources because their jobs are more highly valued.

A hierarchy of relative status develops around the types of jobs that people do, and depending on the value ascribed to them, rewards are allocated. This system of 'layering' in terms of occupation is known as social stratification – it is more commonly known as social class – and people are rewarded according to the position they occupy in the social class system.

Certain groups of people are marginalised by this process and receive a very disproportionate allocation of resources. Nurses and teachers are often cited in this respect.

Many other groups also lose out significantly – for example, the elderly, the disabled, women, black and minority ethnic groups, the unemployed and children. What characterises their disadvantage is their lack of power in society usually related to their position in the employment market. Their lack of power is a consequence of their position in the social stratification system.

There are, therefore, winners and losers in society as there are winners and losers in the global scheme of things. The reasons for their relative economic relationship to each other is based on how much there is to go around, who has the greatest value in comparative terms and therefore the greatest resources, and the amount of power one has to alter things. The poor are powerless in societies where money is highly valued and this is usually compounded by an inability to collectively change things.

To judge the poor and blame for their condition is a gross oversimplification of the factors that contribute to them being poor. It is a failure to see that complex structures in society contrive to systematically exclude them.

The choices people have when they are poor are limited. It is not simply a question of getting oneself out of poverty. There are multiple factors conspiring to keep the poor in poverty, even in the face of initiatives to raise people out of it. Certainly it is not usually the choice of individuals to be poor.

Activity 10

Examine the following table which shows the distribution of wealth in the UK. What significant factors emerge from the figures for you?

United Kingdom	Percentages					
	1976	1981	1986	1991	1994	1996
Marketable wealth						
Percentage of wealth owned by adults aged 18 and over						
Most wealthy 1%	21	18	18	17	19	19
Most wealthy 5%	38	36	36	35	39	38
Most wealthy 10%	50	50	50	47	52	50
Most wealthy 25%	71	73	73	71	74	73
Most wealthy 50%	92	92	90	92	93	92
Total marketable wealth (£ billion)	280	565	955	1,711	1,950	2,033

(Source: Inland Revenue. Social Trends 29, 1999 Edition, The Stationery Office, p100.)

Comment: You may well have noticed that, apart from minor fluctuations, the figures remain fairly constant over the years.

You should have observed that in 1996 1% of the population owned nearly 20% of the wealth of the country, and that the wealthiest 10% owned a half of the country's wealth!

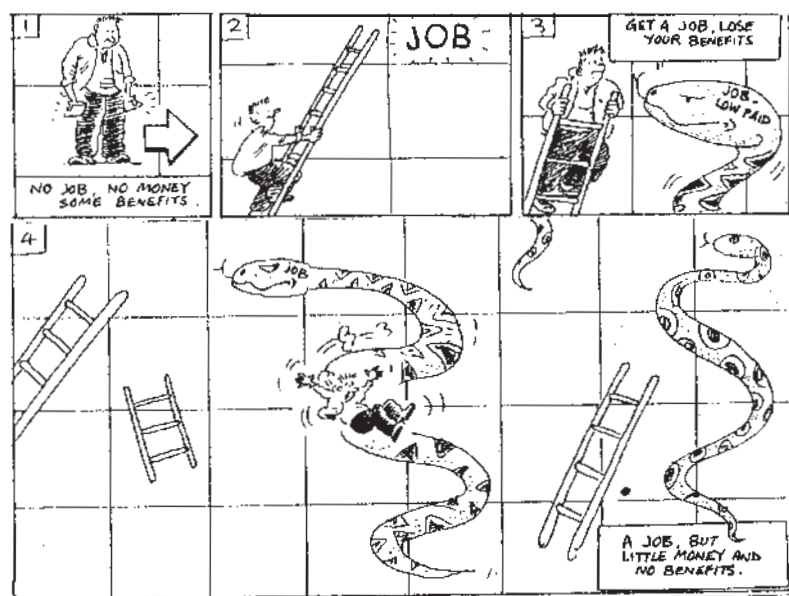
The top 50% of the most wealthy own nearly all of the country's wealth – 92% – leaving just 8% for the rest of us – that is 8% to be shared by half the nation!

Is it not surprising therefore, that certain people end up with not very much at all, by the time we have all attempted to fight for the crumbs under the table between us!

The other significant figures to note are those showing the rise in the total marketable wealth – from £280 billion in 1976 – £2,033 in 1996. This illustrates that the extent of wealth has increased dramatically over 20 years, but the distribution of it has remained pretty much the same. The rich are still managing to hang on to it!

2. The Poverty Trap

The cartoon below illustrates how getting a job can place an individual or a family in a much worse situation than when they had no job. Income from employment may disqualify them from means tested benefits and leave them with less income than they received when they were unemployed.



(Source: *Social Welfare Alive*, Stephen Moore, Stanley Thornes, 1993, p.64-65.)

The poverty trap also extends to the poor being disadvantaged in a host of other ways involving paying considerably more for goods and services.

Activity 13

Apart from means-tested benefits, including payment for such things as dental treatment, prescriptions, free school meals for the children, identify a number of other ways in which the poor, either on benefits, or in low paid jobs might have to pay more for goods or services than those on reasonable income levels.

Comment: *There are a number of things you might have identified. A recent study by the University of Newcastle*, reveals how the withdrawal of services in marginalised neighbourhoods impacts significantly on the poor. Energy costs are considerably higher on prepayment meters; food costs higher in local shops as opposed to supermarkets; and the purchase of domestic items such as washing machines cost considerably more through the finance mechanism available to the poor.*

It has long been recognised that out-of-town supermarkets effectively exclude the poor because of the difficulty of getting the shopping home. The poor often cannot find the initial costs to pay for bulk buying and pensioners often cannot cope with it.

The costs of using a launderette are considerably higher than using a domestic washing machine; renting televisions and videos are more expensive than purchasing, and for many, direct debit payments for services result in discounts which are not available to the poor if they don't have bank accounts.

*Service not included: Social implications of private sector service restructuring in marginalised neighbourhoods, Speak, S and Graham, G, Policy Press, 2000.

3. The Cycle of Deprivation

The term 'cycle of deprivation' describes a number of ways in which the poor experience multiple disadvantage.

Lack of money often means that the poor go without necessities. Those in poverty spend half the national average on food and about three-quarters of the poor lack necessary items of clothing. As many of half of the poor have less than the amount of heat they need.

There is very little money for leisure and social activities. Most of their time is spent in the home (which they can ill afford to heat). 'Normal' social activities are too expensive.

The poor carry the stigma of receiving handouts from the state and usually have little status in society. They often have little confidence and low self-esteem and the combination of these factors creates obstacles for raising themselves out of poverty.

They live in the worst housing, in damp and overcrowded conditions. There is a direct link between poor housing and ill health. Lack of nutrition, damp and lack of heating contribute to the poor health of the inhabitants. The houses are often in the most deprived neighbourhoods with fewer GPs than other areas, the worst schools and problems of crime.

Lack of money results in the poor having to pay more for food and goods. As mentioned above, supermarkets are not usually located in poor areas and the poor cannot access them. They therefore pay more for food from local corner shops. The Newcastle study cited above reveals other ways the poor are disadvantaged in terms of energy costs and credit finance. Bulk buying is not an option for the poor because of the difficulties of transporting goods and the lack of money to purchase them.

The poor used to be able to obtain grants for necessary household items. Changes in the 1980s which have not been reversed by the Labour government mean that the poor are expected to borrow money from the government for these items which they can ill afford to pay back. It is estimated that in August 2000 over 895,000 people were repaying Social Fund loans by way of deductions from Income Support and income-based Job Seeker's Allowance. The allowances provided by Income Support provide recipients with little more than the means to survive. To increase the financial burdens on them through loan systems creates enormous potential for debt. Many poor households cannot afford energy costs and 200,000 people in 1990 had their electricity disconnected. Many lone parent households are described as being in 'severe' debt.

The constant struggle to make ends meet and the tensions that arise in households where there is little money and where the inhabitants are expected to spend most of their time (because they cannot afford to go out) can create stress. Women in particular are stressed because they usually have the problem of dealing with the budgeting.

Children suffer in poor households because there is usually not enough money to pay for them to go out and to have presents and treats or a few days holiday now and then.

Self Test 4

1. *How does the view of poverty based on social structures counter the argument that poverty is self-created?*

2. *What percentage of the country's wealth was owned by 10% of the population in 1996?*

3. *How much of the country's wealth do the least affluent 50% of the population own?*

4. *Has this changed significantly over the period 1976-1996?*

5. *What is meant by 'the poverty trap'?*

6. *Outline the main features of the 'cycle of deprivation.'*

Now turn to the Answers at the end of the Block.

C. The Relief of Poverty

1. Government Attitudes to Poverty

To borrow a phrase from the 19th century, the poor were considered to be either ‘deserving or undeserving’. The Poor Law Amendment Act of 1834 was based entirely on this view. People could receive relief from poverty only if they were prepared to enter the ‘workhouse’.

Conditions inside the workhouse were deliberately made worse than those experienced by the poorest labourers outside it. To enter the workhouse, the poor needed to prove their poverty before receiving relief – effectively to show that they were deserving. The Liberal government introduced the Act to address increasing poverty.

Apart from a series of isolated Acts during the 19th century and the Liberal reforms of the period 1906-1914 nothing else on the same scale was produced until the Beveridge reforms in the 1940s.

The Beveridge Report (produced in 1942) heralded the birth of the Welfare State. The various Acts associated with the Welfare State reforms were introduced after the Second World War and there is a strongly held view that the significant contributions to social reform have been introduced after major wars.

In the case of the First World War there was a cry for ‘Homes fit for heroes’ and the Addison Act was introduced in 1919. In the case of the Second World War it was the Beveridge reforms. It is believed that this has something to do with a sense of national collective guilt and responsibility – a way of saying to all those who took part in defending the nation, thank you, and now we will do something in return for you!

Of course, as time marches on and these commitments recede into the distance, governments take a different view to social reform and welfare.

Distancing ourselves a little from these events, what they tell us is what governments think about the poor and how they should be treated. It is clear that the 19th century approach was very much based on the poor needing to help themselves. Legislation that occurred during the later 19th century – the Factories Acts, Children’s Acts, Public Health and Dwellings Acts – indicated a softening of attitudes to the poor. There was a growing recognition that the poor were not necessarily to blame for their condition and that some members of society are particularly vulnerable and needed protection.

This is mixed up with Victorian philanthropy – a sense that the great and the good should contribute to the (relative) well being of those less fortunate. Octavia Hill and trusts like the Peabody and Guinness Trusts are good examples of this in terms of housing.

Apart from minor excursions into reforms between 1920 and 1945, not very much was attempted to relieve poverty during the period. The depression in the late 1920s and early 1930s was followed by a period of high employment just prior to the start of the Second World War. It was the Welfare State that really took the bull by the horns in terms of welfare reforms.

What marked the difference with Beveridge was his attempt to tackle what he called the ‘Great Evils’ of society. His approach to them was to provide a platform upon which the issues of want, idleness, ignorance, disease and squalor could all be addressed creating a better world to live in.

The post-war optimism of Beveridge with its emphasis on support and consideration for the weak and vulnerable has gradually been replaced with harder, more cynical perspectives on the poor and the causes of their condition. Whilst we still retain concerns for a National Health Service, good state education, affordable social housing, some of the original principles enshrined in the Acts of the 1940s are being sacrificed in attempts to maintain them financially.

Since 1997 there has been considerable rhetoric about social inclusion and reducing poverty, and to be fair, the economy has improved in recent years with higher levels of employment and a legal minimum wage established. We have yet to see the products of New Labour’s New Deal programmes.

2. The Welfare State

The Beveridge Report of 1942 set out to address the five ‘Great Evils’ of society – want, idleness, disease, ignorance and squalor through a unified welfare system providing employment, financial security, free health provision, education and housing. Up to this point social welfare had been rather patchy and there had certainly been no attempt at integrating services until Beveridge.

At the basis of the reforms was the National Insurance scheme providing rights to unemployment pay, sick pay, maternity grants, old age pension and accident insurance. All working adults except married women paid into the scheme. National Insurance payments meant that people could feel secure in the knowledge that if they lost their job, were sick or injured, they would receive

an income to cover them. They would also be covered in their retirement and pregnant women could take time off to have a baby. Prior to 1945 these sorts of assurances were not provided.

Amendments to the scheme came in the form of graduated pensions and graduated benefits which were introduced in 1959 and 1966 respectively. This meant that the higher wage earners could make bigger insurance contributions to receive higher benefits and pensions when they were entitled to them.

Health was considered very much part of an attack on unemployment and poverty and the National Health Act was passed in 1946. It covered every citizen, ‘from the cradle to the grave’, providing free medical treatment for everyone. The premise underpinning the Act was that healthy people would be able to work and look after themselves.

The National Assistance Act 1948 provided a safety net for those who had not made sufficient contributions to the National Insurance scheme to be covered if they needed assistance. It was always envisaged that this scheme would be temporary, until such time as everyone was contributing to the NI scheme.

There have not been fundamental changes to these reforms over the years, only changes of detail. The following table illustrates the main changes up to the present time.

-
- **National Insurance Acts 1944 and 1946** introduced National Insurance and created the Ministry of National Insurance.
 - **Family Allowances Act 1945.**
 - **National Assistance Act 1948:** created the National Assistance Board.
 - **National Insurance Act 1959:** introduced graduated pensions.
 - **National Insurance Act 1966:** introduced earnings-related benefits, which were withdrawn in 1982.
 - **1966:** Ministry of Social Security was created to take over the job of the National Assistance Board. Included in this was the Supplementary Benefits Commission which replaced the National Assistance Board.
 - **1968:** Ministry of Social Security was renamed Department of Health and Social Security.

- **Family Income Supplement Act 1970:** the forerunner of Family Credit.
- **Child Benefit Act 1975:** Child benefit replaced Family Allowance and Income Tax Relief for children. Payable for all children, including the first.
- **1978:** State Earnings Related Pension Scheme was introduced to give higher levels of pensions in the future.
- **Social Security Acts 1980:** introduced a range of cut-backs in social security, and a considerable 'tightening up' of the rules on discretionary benefits. Abolition of most earnings-related supplements for benefits.
- **Social Security and Housing Act 1982:** shifted responsibility for payment of Housing Benefit to local authorities.
- **Social Security Act 1986:** introduced the first major changes in social security since 1948. The changes included introduction of Income Support, Family Credit and the Social Fund. Changes in pensions to come into effect as a result of the 1978 legislation were severely 'watered down'.
- **1988:** Department of Health and Social Security split into two – the Department of Health (DoH) and the Department of Social Security (DSS).
- **Child Support Act 1991:** came into effect in 1993. The Act required absent parents (usually fathers) to contribute to the maintenance of their children.
- **Welfare-to-work programme 1997:** introduced significant changes to welfare provision. Under its 'New Deals', it introduced compulsory training and work experience programmes for 18-25 year olds, and lone parents. Employers are offered subsidies to provide work for long-term unemployed people, and there is additional support for childcare for people who are low-paid.

(Source: Moore, Stephen, *Social Welfare Alive*, Stanley Thornes, 1998, p.37-38.)

The various housing Acts between 1945-1960 were introduced to deal with the issue of squalor. The Second World War had obviously destroyed many areas and housing needed to be provided and replaced. The basis of a healthy, positive workforce which takes care of itself is a clean, safe and comfortable home and it was this aspect of welfare that the Housing Acts attempted to address.

Similarly a sound education is required to prepare a skilled and knowledgeable workforce and provide them the opportunities for employment and the 1944 Education Act was introduced to modernise the education system to respond to a modern industrial economy. This is known as **The Butler Act** after its architect, Education Minister, R.A. Butler. It is also known as the tri-partite education system.

The tri-partite system involving setting up technical secondary schools to train young people for skilled technical jobs; grammar schools for children with academic abilities and secondary modern schools for those with more general abilities - or with none at all!

Critics argued that the system reflected the social structure of British society – grammar schools for the elite; secondary modern schools for the less able middle class and working class; and technical schools for manual workers (albeit skilled manual workers!).

Many of the ideas that influenced the establishing of the Welfare State in the 1940s are still evidenced in the structures and forms of current social welfare provision as are described below.

Self Test 4

1. *What is meant by the terms 'deserving and undeserving poor'?*

2. *What was the main feature of support for the poor under the 1834 Poor Law Amendment Act?*

3. *Who was the architect of the reforms of the 1940s?*

4. *What are the reforms best known as?*

5. *What 5 evils were the reforms attempting to address?*

Now turn to the Answers at the end of the Block.

3. The Modern Social Security System and Benefits

The contemporary social security system is administered by the Department of Social Security (DSS). It has two semi-autonomous sections - one for the collection of National Insurance and one for the payment of benefits. The benefits section is known as the Benefits Agency.

The social security system is made up of the following types of benefits:

- contributory benefits;
- means-tested benefits;
- non-contributory benefits.

One of the key themes under social security is the debate about the provision of 'universal' as opposed to 'means-tested' benefits. Universalism refers to the provision of benefits to everyone in a particular category regardless of whether they need it or not. One example of a universal benefit is unemployment benefit which is paid at a standard rate on the basis of sufficient contributions to National Insurance regardless of whether the individual needs the money or not. Another example is Child Benefit which is paid to everyone who has children.

Targeting describes a system of welfare provision that seeks to provide benefits to those most in need. This reintroduces the concept of the 'deserving and undeserving poor' which we encountered earlier in the discussion of welfare provision in the 19th century. Targeting is about identifying the most needy and means-testing them to provide benefits if a need for financial assistance is demonstrated. It is a method of awarding benefits on the basis of comparing a person's actual income with what the State considers to be necessary and making up the difference. Most benefits are provided in this way.

Activity 14

Think about both universal and means-tested benefits and identify some of the advantages and disadvantages of each.

(See table below to compare your responses).

The take-up rates for means tested benefits are usually quite poor. In 2001/2 between 5% and 14% of non-pensioner households that were entitled to Income Support did not claim the benefit. Between 28% and 37% of pensioners did not claim the Minimum Income Guarantee.

Why is the take-up rate poor? There are a number of factors. Non-English speaking people obviously have language difficulties. Many people lack the knowledge to know the benefits are there and that they might be eligible. The process for claiming the benefits is sometimes complex and may not be perceived to be worth the effort. The advantage of the benefit may only be minimal, and therefore not worth the effort of claiming. In some cases it may disentitle someone to other benefits like prescription and dental charges, for example. The stigma and embarrassment of claiming is sometimes a deterrent.

4. Types of Benefit

(a) Contributory benefits

These are paid through National Insurance contributions. Contributory benefits are effectively a State insurance scheme against redundancy and old age.

The main contributory benefits are:

- Retirement pension
- Statutory Sick Pay (SSP) and Statutory Sickness Benefit (SSB)
- Incapacity Allowance
- Statutory Maternity Pay
- Widows Benefit

(b) Means tested benefits

Means tested benefits do not require National Insurance contribution. The State will only provide these benefits if they are satisfied that an individual (or family) falls below a level of income. Your means (or income) has to be tested before a benefit is given.

The main means tested benefits are:

- Job Seekers Allowance
- Income Support
- Minimum Income Guarantee for Pensioners
- Working Families Tax Credit
- Disabled Persons Tax Credit
- The Social Fund
- Housing Benefit
- Council Tax Benefit

(c) Non-contributory benefits

These are benefits that are paid whether National Insurance contributions have been paid or not and are not means tested. They are generally targeted on those with clear physical needs such as disabled people and children.

The main non-contributory benefits are:

- Attendance Allowance
- Disability Living Allowance
- Severe Disablement Allowance
- Industrial Injuries Disablement Pension
- Child Benefit

Self Test 5

1. *What are the following benefits and give an example of each:*
 - (a) *a contributory benefit*
 - (b) *a means tested benefit*
 - (c) *a non-contributory benefit*
2. *Give an example of a 'universal' benefit.*
3. *Identify **one** major disadvantage of means-tested benefits?*
4. *Give one major advantage of a universal benefit.*

Now turn to the Answers at the end of the Block.

D. Unemployment

1. Types

It is as well to start looking at unemployment by understanding exactly what we mean by employment and whom it involves. In general terms employment involves people of working age – those between the ages of 16-64 – that is, from school-leaving age to the (usual) male retirement age. For women it is (usually) between 16-59 years old.

People in these age ranges are generally reckoned to be ‘economically active’. According to the Labour Force Survey, Office for National Statistics,

‘In Spring 1999 there were 35.9 million people of working age in the United Kingdom; 26.4 million of whom were in employment, which is the highest level since the current records began in 1959 nearly three-quarters of the population of working age were employed in Spring 1999.’

Conversely the measure of economic inactivity or unemployment is,

‘People who do not have a job and either do not want one, or who are not both seeking and available to start a job ...’

(Source: Labour Force Survey, Office for National Statistics – www.statistics.gov.uk.)

The economically inactive includes people who are retired, are disabled or long-term sick, ‘discouraged’ workers and students.

In early 1999 the Labour Force Survey (LFS) identified 7.8 million people in the UK as economically inactive. The LFS said that the most common form of economic activity among men of working age who wanted a job but had not actively sought one in the 4 weeks before interview was long-term sickness or disability. The most common reason for women’s economic inactivity was looking after a home and the family.

Unemployment is defined by the International Labour Organisation (ILO) as,

‘... those aged 16 or over who are without a job, are available to start work in the next two weeks and who have been seeking a job in the last four weeks, or were waiting to start a job already obtained in the next two weeks.’

(Source: Regional Trends 33, p.65.)

In Spring 1999 ILO unemployment was at its lowest level since the current series of records began in 1984. The rate was 6.8% for men and 5.1% for women.

People may be unemployed because they:

- lack the skills for the jobs available in the areas where they live
- are lone parents
- are sick or disabled
- are in transition between jobs

Unemployment may be long-term or short term – long-term taken to mean out of work for 2 years or more. Short-term unemployment may be a temporary phase – a transition between jobs – or **it** may be part of a process leading to long-term unemployment.

Statisticians and bureaucrats also identify youth unemployment as distinct from other forms of unemployment. These distinctions have a bearing on how unemployment is tackled – in particular, what the Government agencies provide to address the problems – the types of schemes they introduce to attempt to get people back into work.

2. Patterns and Distribution

In considering patterns of unemployment, the major factors to emerge are to do with long-term and short-term unemployment and gender and age differences.

As far as long and short-term factors are concerned, the LFS identifies men as more likely to be long-term unemployed than women. They state that 22% of unemployed males in the UK have been unemployed for two years or more, compared with 11% for women.

In age terms, young people are more likely to be unemployed than older people are, and young males more than young females. In early 1999, 21.6% of 16-17 year men and 14% of women of the same age were unemployed.

According to LFS statistics, the rates for 18-24 year olds are lower – 12.5% for males and 9.3% for females – but these figures are almost double the rates for **all people** of working age.

There are a number of possible explanations for youth unemployment but they are often associated with lack of skills, qualifications and experience. Other factors might include lack of confidence; no clear sense of what to do and outlooks based on having plenty of time to decide on a job.

In occupational terms the following table shows the figures for a number of previously held jobs amongst the ILO unemployed for men and women.

All	All Men	All Women	All Man.	Man. Men	Man. Women	All Non-man.	Non-man. Men	Non-man. women	All Mgrs/admin	Mgrs/admin Men	Mgrs/admin Women	All Prof.	Prof. Men	Prof. Women
6.0	6.7	5.1	7.1	7.8	5.7	3.0	3.1	2.8	2.4	2.4	2.4	1.9	2.1	1.5
All Assoc. prof/tech.	Assoc. prof/tech. Men	Assoc. prof/tech. Women	All clerical	Clerical Men	Clerical Women	All craft	Craft Men	Craft Women	All selling	Selling Men	Selling Women	All plant mach. ops.	Plant mach. ops. Men	Plant mach. ops. Women
2.7	3.3	2.1	3.5	5.9	2.7	6.0	5.8	7.2	5.7	6.1	5.5	8.1	7.8	9.1

(Source: Labour Force Survey: ILO Unemployment Rates Previous Occupations
www.statistics.gov.uk/statbase/tsdataset.asp)

Activity 15

Which occupations have the highest percentages of unemployed people, and which the lowest?

Identify the different experiences of men and women in the respective occupations. What conclusion do you reach from this?

Comment: As you can see from the table, the occupations with the highest proportions of unemployed people tend to be manual and semi-skilled (Plant machinery operatives, craft and selling). The non-manual jobs – managerial and administrative, professional and associate professional/technical have much lower rates.

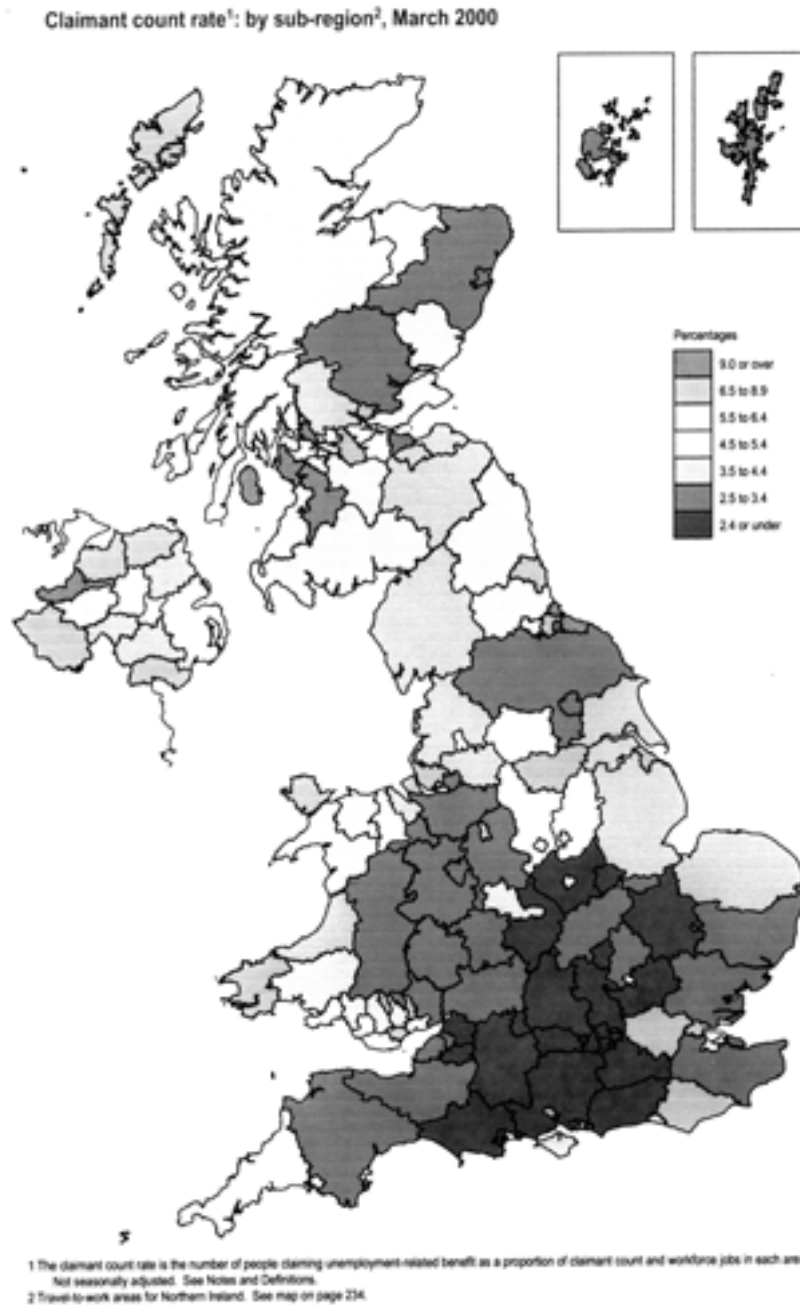
The figures for women are lower in most jobs than men, apart from plant machinery operatives! Women are less likely to be unemployed in a range of occupations than men.

The other major consideration concerning unemployment is its distribution. It is not evenly spread as can be seen in the map below. Regional variations occur for a number of reasons.

Activity 16

Examine the map on the next page and offer some suggestions for high levels of unemployment in the regions with above 7.6% unemployment

*The Isle of Wight
Pembroke/Carmarthen
Anglesea
Durham
Parts of Northern Ireland
North Scotland
North West Wales
Norfolk
Kent and Essex
Devon and Cornwall*



(Source: Office for National Statistics, March 2000)

Comment: *There are a number of explanations you might have offered:*

- *Rural communities with little industrial activity*
- *The decline in manufacturing industries*
- *The decline in coal-mining*
- *Hostilities in Northern Ireland*
- *Isolation from the mainland (Isle of Wight)*

Sometimes it is factors related to low populations, (mainly rural areas); sometimes it is very dense populations (usually urban areas where manufacturing industries were once very active) where unemployment rates are higher. It also occurs in areas where traditional – often very labour-intensive – industries like steel production and shipbuilding have declined or disappeared altogether.

The relative unemployment rates by area in 1999 in the UK reveal that the counties in England with the lowest rate is Surrey at 1.8%, followed by West Sussex at 3.1%. The highest rates are recorded in the former county of Cleveland at 12.9% and Tyne and Wear at 10.9%

Scotland records 7.4%; Wales 7.1% and Northern Ireland 7.2%.

Caution is advised on these figures. They do not tell the whole story. For example, the West Midlands region covers a vast area, which includes the counties of Staffordshire, parts of Worcestershire, and Warwickshire and is composed of a mixture of urban, inner city and rural areas. Within the West Midlands region there will be pockets of unemployment at much higher rates than the county average, and pockets of much lower rates. The same will also be true of most of the counties and regions in the UK.

3. The Effects and Costs of Unemployment

The effect of unemployment on individuals and families in society has already been shown in previous sections of this block. This has revealed that unemployment – which is usually accompanied by a lack of money – has a number of knock on effects in relation to factors such as health, housing, lifestyle and so on. See section B3 – ‘Cycle of deprivation’.

The effects of unemployment are also felt at the macro level – that is, by society as a whole – as well as by the individuals within society. Let’s examine this in relation to housing.

To begin with, housing is often the most costly item that people will spend money on in the course of their lives, whether renting or buying. It is not only important for people living in households - it is also an important industry in its own right with an important impact on the national economy.

In 'household' terms – that is people living in houses – the Joseph Rowntree Foundation have estimated that:

- between 15-30% of peoples' income is spent on housing in the course of their lives;
- over half the wealth of British households is in the form of housing;
- loans to purchase housing are 2/3 of all household debts.

In terms of the housing 'sector' – the construction and house building industry is a significant employer with a significant stake in the national economy.

Activity 17

Identify some of the national house builders/construction companies you know of.

You may well have identified – Bryant Homes, Tarmac, Mowlems, Barratts, Beazer, Bovis, Wimpey and so on. These are the well-known national companies. There are many more smaller businesses providing house building and renovation services, so one begins to see the scale of activity in the sector.

As an industry, therefore, construction is a large employer. It is also affected by the state of the national economy, and in turn, can affect the economy.

When the economy is growing strongly, outputs (goods and services) rise resulting in rising incomes and an increasing demand for commodities.

Housing is a commodity like a washing machine or a car. In a strong economy where people have more money there is a demand for more houses (washing machines and cars) – for bigger and better homes and new properties.

The result of an increased demand for housing in turn stimulates higher levels of output for the construction industry. More houses are built or renovated because more people want them. This also impacts on industries related to housing – DIY, domestic appliances, furniture and fittings etc. The more money there is in the pockets of the people engaged in these industries, the more they have to spend on goods and services, thus fuelling economic growth.

Conversely, when the economy is in decline and unemployment rises, people are far less confident about the future and, fearing for their jobs, cutback on spending.

In housing terms this may mean:

- that moving is delayed;
- renovations are delayed;
- there is a collapse in the demand for housing;
- the construction industry reduces output, resulting in unemployment which in turn affects national output.

At the same time, growing unemployment reduces the income received by the Government with fewer workers paying income tax and less consumer spending resulting in less VAT received.

With less money available to the Government there is pressure to reduce public spending. Public expenditure is of two types:

- demand or short-term expenditure and
- capital or medium-term expenditure.

The first type depends on demand and is therefore difficult to control. This includes expenditure on welfare payments – unemployment benefit, housing benefit, income support, family credit and so on.

As these costs rise, the pressure on the Government is to limit capital expenditure which does not depend on **immediate** demands. This includes spending on assets like housing, roads, hospitals and schools. This type of expenditure is more easily cut because it has no immediate effect on households (although it does have a long-term effect). This results in fewer houses, roads, hospitals etc.

When an economy goes into recession and there are higher numbers of unemployed people, the demand for goods and services is reduced. This sometimes means that companies go out of business because consumers are not purchasing their products or services, thus adding to unemployment. The economy is weakened by the amount of disposable income people have to purchase goods and services and spirals further into decline.

The present (2000) Labour Government has given powers to the Bank of England to control economic activity. Previous Governments have used the Chancellor of the Exchequer to control the economy. The Bank of England is seen by the present administration to be the best means of keeping the economy stable. It is, after all, in the Bank's interest to keep the economy strong. However, this sometimes runs counter to business interests. Take, for example, the difficulties of selling British goods abroad with the strong value of the pound.

The economy is kept strong through interest rates. When the economy is weakening, interest rates can be reduced to encourage spending. When it is growing too fast, interest rates can be used to 'take out the heat' in the economy. A good example of this is the raising of interest rates to control rising house prices.

This approach means that the economy is under greater control and that there will not be wide fluctuations resulting in the 'boom and bust' of the Conservative Governments in the 1980s and 1990s.

The maintenance of the economy is a matter of political and economic philosophy. The Conservative Party believe more in the raw market forces of capitalism than the Labour administration who believe that it is important to avoid 'booms and busts'.

The actual costs of unemployment as revealed in the form of benefits payments are provided in the following table. The information is shown up to 1997 when the New Labour Government was elected.

Social Security Benefits Summary

Benefit Expenditure							
	£ millions						
	1982/83	1987/88	1992/93	1993/94	1994/95	1995/96	1996/97
Total Benefit expenditure	31,628	48,697	75,337	82,421	84,854	88,666	92,846
Contributory	18,210	25,311	37,320	39,539	39,825	40,702	42,337
Non-Contributory	13,418	21,386	38,016	42,882	45,029	47,964	50,509
Total Benefit paid to							
Elderly	16,105	22,873	34,154	36,568	37,365	38,751	40,799
Sick and Disabled							
Total	4,142	7,813	16,125	19,104	20,375	22,028	23,500
Short-term Sick	615	1,171	1,323	1,295	714	954	1,108
Long-Term Sick & Disabled	3,527	6,642	14,802	17,809	19,662	21,074	22,392
Family	5,596	8,108	13,893	15,149	16,089	17,198	18,051
Of which Lone Parents	1,394	2,972		7,112	8,127	8,886	9,609
10,029							
Unemployed	4,767	6,594	9,357	9,768	9,153	8,643	8,271
Widows and others	1,016	1,313	1,808	1,832	1,872	2,046	2,225

(Source: Social Security Statistics.)

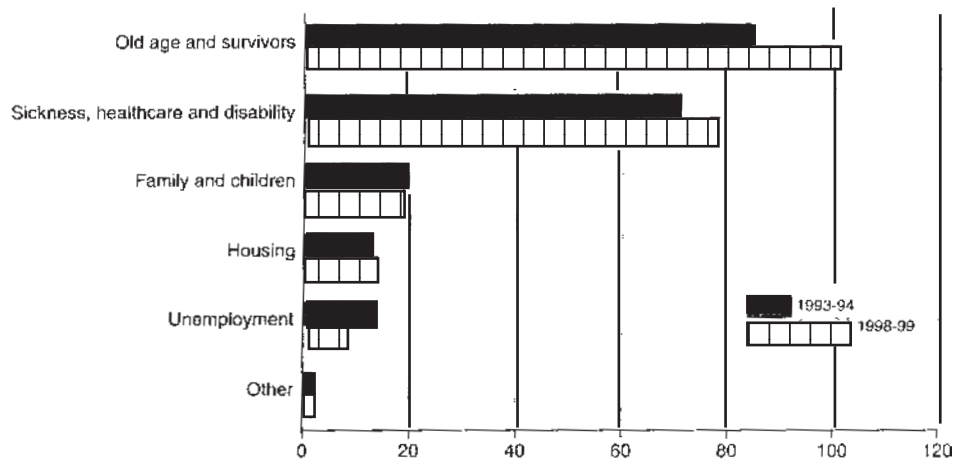
What the table reveals is that expenditure on unemployment has risen throughout the period with very noticeable leaps between 1982/83-1987/88 and peaking in 1993/94. Those of us old enough to remember will recall the miners' strike in the 1980s and the decimation of manufacturing industry throughout the 1980s and early 1990s. This resulted in very high levels of unemployment, at one point reaching the three million mark.

Since 1993/94 the costs of unemployment have fallen significantly up to 1996/97. What is also noticeable about these figures is the rising costs of benefits, from £4,767m (1982/83) to £8,271m (1996/97). Unemployment expenditure nearly doubled in the period from 1982/83 to 1996/97, and is currently actually falling. Lone parent families account for nearly ten times the expenditure, from £1,394m in 1982/83 to £10,029 in 1996/97. The chart below shows how expenditure on unemployment continues to fall but the expenditure on the elderly, sick and disabled continues to rise.

Expenditure on social protection benefits in real terms¹: by function, 1993-94 and 1998-99

United Kingdom

£ billion at 1998-99 prices¹



¹ Adjusted to 1998-99 prices using the GDP market prices deflator.

Source: Office for National Statistics

The next section examines Government programmes set up to provide the basis for full employment. You will recall that the figures for unemployment provided in the last section showed that current levels measured by ILO standards are as low as they have ever been since this method of recording began in 1984.

4. Government Programmes

Retracing our steps over the content of this block it is noted that we have examined defining and measuring poverty; the effects and relief of poverty and unemployment. This final section focuses on government programmes to address unemployment and poverty.

In the context of social welfare it is not enough to have a situation where some people are employed and others not, although this is not a view shared by all political parties. For one thing, the general prosperity of the nation as a whole depends on as many people to be working as possible. As has already been discussed above, when people have money to spend they contribute to the cycle of prosperity because they are able to purchase goods and services which helps maintain businesses and preserve employment.

Conversely the costs to the government of high levels of unemployment are significant in terms of benefit payments and lost income through direct and indirect taxation – income tax, for example, and VAT. Employment also reduces the numbers in poverty although it does not guarantee immunity from it. The low-paid, for example, have already been cited as one of the major groups at risk in terms of poverty.

Thatcherite policies in the 1980s and 1990s were based on the view that high levels of unemployment were a necessary consequence of the drive for prosperity. This approach emphasises the prosperity of the few at the expense of the majority – it is not a philosophy of broad-based prosperity and it is strongly linked to low levels of public expenditure. At its core is the belief that individuals should help themselves with only minimal intervention for those who most need it.

Employment, and unemployment for that matter, are key concerns for governments of whatever persuasion. Elections may be won or lost on the levels of unemployment. Governments have a responsibility to ensure that the economy is managed effectively, and can lose power if voters lose faith in their ability to do so. As a matter of political expediency, it therefore makes sense for governments to manage employment and unemployment effectively.

The Conservative administrations in the 1980s recognised this in the midst of one of the most dramatic shake-ups in British industrial history. Despite the large scale dismantling of manufacturing industry and the confrontation with the miners, both youth and adult training programmes were provided to ameliorate some of the effects of the destruction going on around them.

At the turn of the 21st century, we live in a time of dramatic change in terms of both social and economic conditions. In the last few years, for example, we have seen the growth of technology that is transforming our lives at work and in social situations. In employment terms, this has meant that the sorts of skills required in the job market have changed dramatically too. There is a need therefore, to equip the workforce with appropriate skills to meet the demands of an advanced economy.

This combination of factors – of needing to balance the levels of employment and to develop the skills appropriate for an advanced industrial economy, as well as to meet the political demands of staying in power – mean that it is important for the government to intervene in the labour market and in particular to be seen to be creating opportunities for people to find employment.

The current Department responsible for employment is the Department for Education and Employment (DfEE). It is interesting that the former departments of education and employment were merged by the previous Conservative administration in the mid-1990s, because there is clearly a strong correlation between educational attainment and employment opportunities. Furthermore, the development of a skilled work force is dependent upon training.

The DfEE is responsible for policies to maintain full employment (as far as possible), and to provide employment training. For those already in work, the department is responsible for maintaining Health and Safety at work, and for enforcing the law regarding working conditions. Previously these responsibilities were undertaken by the former Department of Employment, and between 1974-1988 through the Manpower Services Commission (MSC).

Over the years a number of employment programmes were introduced to provide a stimulus to employment. A selection has been reproduced here and many of you will be familiar with at least some of these. Others – a bit longer in the tooth – will be aware of considerably more. Not all of the programmes have been included – mostly those that will be obviously familiar.

1972	Training Opportunities Scheme (TOPS) began
1975	Job Creation Programme introduced
1976	Work Experience Programme (WEP)
1978	Youth Opportunity Programme (YOP) replaced WEP
1978	Special Temporary Employment Programme (STEP) replaced Job Creation Programme
1981	Community Enterprise Programme (CEP) launched to replace STEP
1982	Community Programme (CP) introduced to replace and absorb CEP.
1982/83	Final year of YOP
1983	1 year Youth Training Scheme (YTS) introduced to replace YOP
1986	YTS expanded to 2 year programme
1988	Employment Training (ET) replaced Community Programme (CP)
1990	Youth Training (YT) replaced YTS
1993	Training for Work (TfW) introduced
1998	Welfare to Work – New Deal – programme

5. Nature of Programmes

Employment programmes, by and large, deal with training and retraining or work experience. Sometimes they contain a mixture of both. They are usually targeted at young people, 16 to 19 years old and the long term unemployed (generally those who have been out of work for 12 months or more). The programmes will often provide some sort of financial incentive, in the form of a supplement to benefit to encourage people to take up places on the schemes.

Support may also be provided to unemployed people in the form of job search skills and resources. This involves helping people identify jobs they would like and assisting them in applying for them by providing help with filling in application forms, writing letters, producing CVs and covering postage/telephone costs. In one extreme case in 1996 the government offered a Travel Incentive Scheme (TIS) – clearly they had exhausted all other possibilities!

'The Travel Incentive Scheme encourages people to improve their chances of finding work by providing financial assistance so that they can look beyond normal daily travelling distance, including the cost of overnight accommodation where necessary'.

(Source: DfEE Departmental Report, March 1996, p.104.)

The quality of programmes varies as this author can attest through contact with YOP, YTS, Community Programme and New Deal trainees and programmes. Trainees recount differential experiences of work placements and training support provide by further education colleges and private-training agencies. Some trainees will benefit from programmes, if they are lucky or very motivated. Many of them will simply see the exercise as 'another government palliative', and 'not real work'.

One of the major problems with many of these schemes is that there are designed for people with little or no employment experience or with a long history of unemployment. This often means that they have few qualifications and skills and little inclination to develop those they have. Furthermore they not valued on placements or work experience programmes because of their lack of skills, and it is often lecturers and trainers with the least experience who are assigned to them in the training context. This is because these courses do not have the same status as other vocational programmes and GCSE and A level courses.

6. Welfare to Work Programme - New Deal

The Labour government was elected on the 1st May 1997 and announced their Welfare to Work programme or the New Deal in late 1997 to start in January 1998. There are four main groups to benefit from the programme:

- 18-25 year-olds
- lone parents
- the long-term unemployed
- people with disabilities who are long-term unemployed.

The programme provides skills training and work experience and a subsidy for organisations offering unemployment training. The scheme offers young unemployed people a chance of working for:

- a private sector company;
- a voluntary organisation;
- an environmental task force; or
- training for 12 months.

In addition, there is also a gateway scheme which offers all young people education and skills training to help them obtain and keep a job.

For a lone-parent with children over five support is provided to find jobs which includes, individualised assistance, job search help and advice, training and reskilling, and most importantly help with childcare.

For longer-term unemployed people – those who have been out of work for more than 24 months – a subsidy of £75 per week is provided to employers to take them into employment.

The long term unemployed who are also disabled have been offered specialist training and job training to help them into work.

Critics sometimes query the value of employment programmes, arguing that they don't lead to real jobs, and that they hide the real level of unemployment. Where jobs are created, it is sometimes questioned whether they are really new or not. In cases where employer subsidies are provided, it is often asked, what happens to the job when the subsidy ends?

Taking a holistic view of the problems associated with poverty, social exclusion and unemployment, the Labour government has introduced a number of complementary programmes to support social re-engagement in society. These include the Sure Start programme to provide early years opportunities for young children; Education Action Zones to help bolster education in deprived areas and where there is low educational attainment; Health Action Zones providing an emphasis on health issues which includes programmes like Breakfast Clubs for children at school.

It is recognised that addressing poverty, unemployment and social exclusion requires a range of solutions that need to complement one another to tackle the problems.

Answers

Self Test 1

1. Absolute poverty is where someone does not have the basic necessities of life – food, shelter and clothing.

Relative poverty takes account of improvements in living standards and measures standards against what people are expected to have – TVs and fridges, for example.

2. Primary poverty is similar to absolute poverty. It is a state of not having enough resources for survival. Secondary poverty is a condition where sufficient resources are available but some is spent injudiciously.
3. The poverty line is the threshold between having and not having enough to survive.
4. 60% of median household income.
5. It is based upon a 'consensus' of opinion from the general public.

Self Test 2

1. The unskilled; low paid; lone parents; elderly; disabled and sick, long-term unemployed; children, women and some members of ethnic groups.
2. The 'cycle of poverty' refers to a process where individuals are likely to drift in and out of poverty at different stages of their lives.
3. Primary socialisation is the first stages of social learning which usually takes place in the home. Secondary socialisation refers to other social learning (including education) which takes place for all of an individual's life.
4. The 'culture of poverty' is a way of responding to the social world which is dictated by a lack of money and status in society.

Self Test 3

1. Structures within society are obstacles for some people to participate fully in the economic and other spheres of social life. For example, a poor education (which is not always the individual's fault) will provide limited employment opportunities and therefore financial rewards. This challenges the notion that people are poor because they don't make enough effort.

2. 50%.
3. 8%.
4. No, it remains fairly constant over the period.
5. The 'poverty trap' refers to a situation where taking up employment after receiving benefits can make someone worse off than they were before. This is sometimes because they have to pay for prescriptions and dental treatment, for example, which was previously free on receipt of benefits.
6. Lack of money often means going without necessities like nutritious food and clothing and not having enough heat. Poor housing is sometimes damp resulting in ill health. Poor housing is situated on the worst estates where crime is often high. Local schools don't always attract (and/or keep) the best teachers and educational attainment is low. The best GPs are not always found on poor areas. Employment opportunities are often very limited. Buying food from local shops is more expensive than supermarkets which are often a long way off. Borrowing money is very expensive.

Self Test 4

1. The 'deserving poor' were those who had proved themselves worthy of receiving 'relief' from the state. (They would need to be in a pretty bad way to do so). The 'undeserving' poor were those who obviously could not prove their entitlement.
2. The deserving poor needed to prove that they were worse off than the poorest members in society and were then entitled to enter a workhouse. Conditions in the workhouse were often very bad indeed.
3. Lord Beveridge.
4. The Beveridge Reforms or the Welfare State.
5. Want, idleness, disease, ignorance and squalor.

Self Test 5

1. (a) a contributory benefit is a benefit that is based on contributions e.g. retirement pension;
(b) a means tested benefit is a benefit where an individual's or a family's income is assessed to determine entitlement e.g. Income Support, Family Credit;
(c) non-contributory benefits are benefits that are paid whether National Insurance contributions have been paid or not and are not means tested, e.g. Child Benefit.

2. Child Benefit.
3. Low take-up.
4. Relatively cheap to administer.