

Pobreza e Exclusão Social: Percursos e Perspectivas da Investigação em Portugal
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Poverty, Social Exclusion and Social Polarisation: applying the 1995 UN Programme of Action on Absolute and Overall Poverty to all countries

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You have received in the packs circulated at your registration summaries of a number of the papers and you will have a summary of the arguments in our joint contribution. I will present a series of statistical tables on behalf of my co-author and myself. I will explain their significance as best I can as we go along. I want to discuss three concepts, two of which we have debated at some length in the last two days: poverty and social exclusion.

We cannot decently understand and apply those ideas in the ways that will be revealing about society unless we project them within the context of the most serious structural development in our world society of **social polarisation**. The scale and speed of development of polarisation in the last 20 or 30 years overlays any discussion about social trends and social problems. And the action programmes that we develop about poverty and about social exclusion depend essentially on how we interpret the general world development of widening inequality. "Social polarisation" is an extreme process of widening inequality - at top and bottom.

However, I want to start by underlining the importance of this conference. Small countries can sometimes exert an influence disproportionate to their numbers. And Portugal has an opportunity, in the near future, of influencing some of the ways in which both scientists and politicians interpret the problems that we are obliged to study.

Portugal is taking up the presidency of the European Union in January 2000 for 6 months. I would want to remind those present, as I had tried to do in the summary of the paper by David Gordon and myself, that this is 6 months in the run-up to a world assembly in Geneva in June 2000, which is designed to review social progress since the world summit on social development in Copenhagen in 1995. That consisted of a report and a series of recommendations for action on the part of all countries across the world. As many as 117 countries signed up to the implementation of a poverty programme on which we dearly need information about progress. And one of the initiatives, which I hope the Portuguese Government could consider is to recommend a move towards a scientific consensus about the conceptualisation and the measurement and, therefore, a convincing statement about the causes of poverty. This opportunity for Portugal is considerable.

The British Poverty and Social Exclusion Survey

Part of my remit today is to describe the latest British research into poverty. The work is intended to serve three purposes: to continue a long-established national tradition of investigating and measuring the scale and severity of poverty; extend this tradition to the modern investigation of social exclusion, and contribute to the cross-national investigation of these phenomena - as Britain agreed to do at the World Summit for Social Development in 1995¹ - in readiness for the Copenhagen Plus 5 review in Geneva in June 2000.

The research plan was summarised in a preliminary report to the Joseph Rowntree Foundation in December 1998.² Two previous national surveys - known as the "Breadline Britain" surveys - had been carried out in 1983 and 1990.³ A third survey was planned and carried out in 1999, using comparable methods, so that the trends spanning nearly two decades could be described and analysed. The research was financed by the Joseph Rowntree Foundation, and the fieldwork was undertaken by the Office of National Statistics. The partnership between government department, independent sponsor and independent social scientists sets a rare precedent, and is all the more valued for that reason by the participants.

Two features were added to the 1999 plan. As elsewhere in Europe the British Government is making a major attempt to investigate and develop policies to deal with social exclusion as well as poverty.⁴ At the suggestion of the JRF the research was broadened to include social exclusion. It was decided, secondly, to incorporate methods of measurement that were relevant internationally as well as nationally, following the agreement reached by 117 countries, including Britain, at Copenhagen. Poverty, social exclusion and unemployment had been the three principal themes at the world summit, and the recommendation in particular of a two-tier measure of poverty⁵ represented a breakthrough in the measurement and monitoring of poverty internationally. The problems of making exact comparisons between developing and developed, or poor and rich, countries to inform assessment and the choice of priorities in policy could begin to be bridged.

The research is new in one other respect. It is being carried out jointly between a group of researchers from four universities (York, Bristol, Loughborough and Heriot-Watt) and the Office of National Statistics, and it draws on three sets of data - the General Household Survey of 1998-9, an ONS omnibus survey of June 1999 and a follow-up sub-sample survey of June-September 1999. Therefore the single set of information applying to a nationally representative population that can be analysed is extremely large and may be unrivalled.

Social Polarisation Between and Within Countries

I begin with the major structural problem facing this world: the continuing rapid polarisation. Of that there is accumulating evidence. A large number of the annual and other reports from the World Bank, the IMF, UNRISD, UNDP, UNICEF, the World Health Organisation and many more reproduce data about growing poverty and inequality. Despite all their faults, these international agencies have shown indisputably that differences between the rich and poor world have grown in the last thirty years.

It is only since 1960 that the World Bank put poverty at the top of its agenda. Robert McNamara, its president, announced a programme. One of the disillusioning things to many

students of the subject is that there has been so little progress. By some standards we have even stepped backwards in trying to bring together rich and poor.

Why has poverty become the top concern of the international community? Despite progress in some countries, especially in South-East Asia, it was evident by 1990 that the war on world poverty declared in 1960 by the then President of the World Bank had not been very successful, and the commitment was renewed more strongly in that year.⁶ Poverty-reduction as the key aim was taken up by other leading international agencies, including UNICEF, UNDP and UNRISD⁷.

In the later 1990s conditions in European countries, including Britain, came increasingly under the scrutiny of the agencies.⁸ Income disparities and the persistence or growth of poverty in most of Europe attracted deep concern.⁹ In most countries inequalities of income have been growing.¹⁰ In some the incomes of the richest groups are rising fast while the incomes of the poorest groups have grown little in real terms, or are even falling.¹¹ Table 1 offers a recent assessment in Europe. The data have been produced by Eurostat (1998) from the 1994 wave of the European Community Household Panel Survey¹² The table shows the estimated number and percentage of people living on incomes of less than half the average (but based on different statistical procedures from those used in the British HBAI series).

Table 1: Number and percentage of the population living on incomes below half of the average in 14 European countries, 1994

Country	Number of people below 50% of average income	Percentage of the population below 50% of average income
United Kingdom	11,426,766	20
Germany	11,327,673	14
Italy	9,321,853	17
France	7,949,907	14
Spain	7,196,406	19
Portugal	2,424,533	25
Greece	2,041,923	20
Belgium	1,474,158	15
Netherlands	1,275,048	8
Austria	1,108,082	14
Ireland	837,490	23
Denmark	386,015	7
Finland	192,153	4
Luxembourg	56,734	14

Living standards are affected by global and not just European institutional changes. Many countries are at a cross-roads of economic and social development. More than in any year in the last half-century this is the year to assess the conditions and potentialities of our countries

in deciding what direction future policies at national, local and international levels should take.

The growth of inequality of income in the UK during the 1980s and 1990s was "exceptional compared with international trends."¹³ Between 1979 and 1994-5 growth in real income for the richest tenth "was 60-68 per cent. For the poorest tenth it was only 10 per cent (before housing costs) or a fall of 8 per cent (after housing costs)."¹⁴ Government data confirm that the number and per cent of population with less than half average household income increased nearly threefold between 1979 and 1997-8.¹⁵ In the late 1990s there were 14 millions in poverty by this standard (see Table 2).

Table 2 Per cent and number of individuals in households, including self-employed, with below half average household income (UK 1979 – 1997/98)

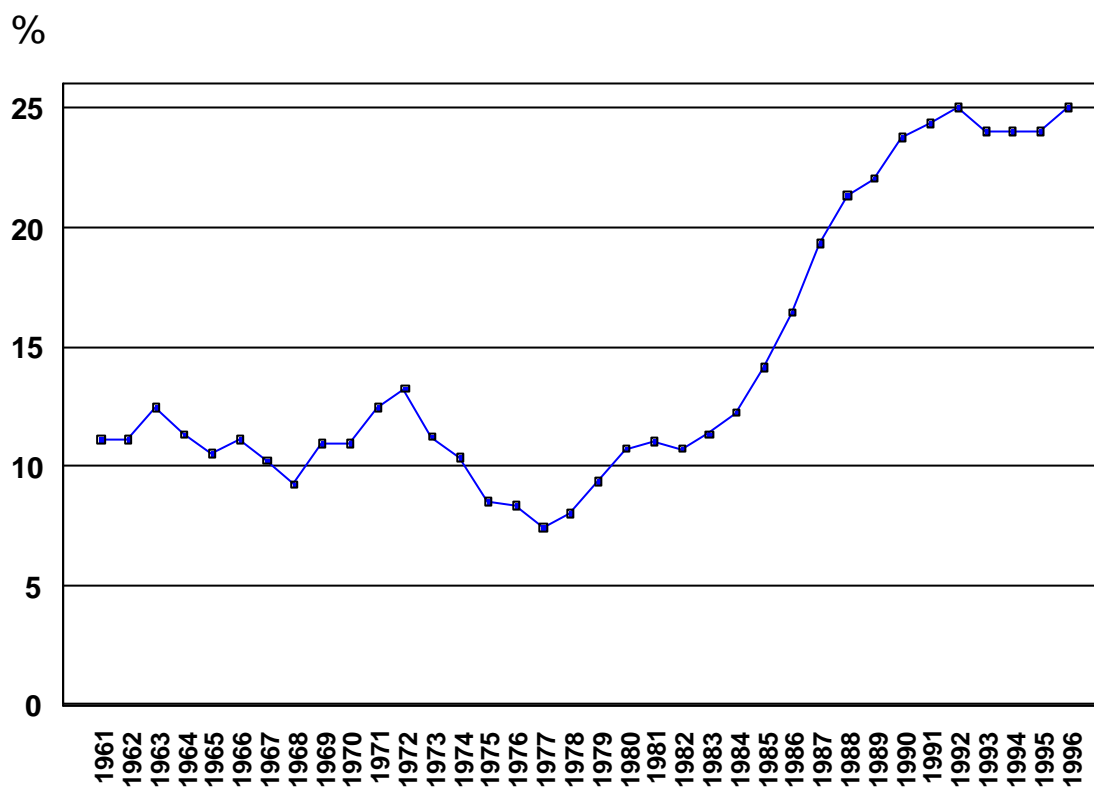
FES 1979 (UK)	9 %	5.0 millions
1981	11	6.2
1987	19	10.5
1988/9	22	12.0
1990/1	24	13.5
1991/2	25	13.9
1992/3	25	14.1
1993/4	24	13.7
1994/5	23	13.4
1995/6	24	14.1
FRS 1994/5 (Britain only)	24	13.3
1995/6	24	13.3
1996/7	25	14.1
1997/8	25	14.0

Source: DSS, *Households Below Average Income 1994/5 – 1997/8*, 1999, p.172.

Note: The restriction of the FRS to Britain in 1994-5 had the effect of diminishing total population numbers found to be in households with below average income for the subsequent years. The percentages in the first column are not given to a decimal place so are unlikely to have been more than marginally affected.

The number of children among the total in poverty by this standard grew from 1.4m to 4.4m.¹⁶ By the mid-1990s the child poverty rate was found to be the third highest of 25 nations for whom information was available.¹⁷ Figure 1 shows the sharp change of recent decades.

Figure 1: Percent of the Population Below Half Average Incomes After Housing Costs, 1961 to 1996 (United Kingdom)



Source: Goodman & Webb (1994) & HBAI

In the first two years of the new Government (1997-8 and 1998-9) the disposable incomes of the poorest and richest deciles were still edging apart¹⁸. "The number of children in households with below half average income rose by half a million between 1995-6 and 1996-7 and remained at the same level into 1997-8".¹⁹ Evidence of the arrest or reversal of the divergent trend, while eagerly awaited, has yet to be achieved.

The poorest 20 percent and the richest 20 per cent have grown apart. This applies to many different countries. The ratio between the poorest 20% of world population and the richest 20% was 30:1 in 1960. It has grown to 73:1 at the most recent calculation by UNDP.

According to the measure of Gross Domestic Product, the poorest 20% of the world's population had a share of only 2 per cent in 1960. Today it is down to 1%. According to all the major, if crude but general, measures, the difference between the first and the third worlds has widened. But the point to make for those of us who try to follow the international and global issues as they apply to individual countries is that the richest in most countries are now growing increasingly more prosperous compared with the poorest 20% in those countries. If

you look at the richest 20% in Portugal compared with the poorest, it is becoming a necessary exercise in reviewing social stability and potential prosperity.

Let me quote from the latest exponent of the developing trend. Professor Cornia of the UN University's research and training centre, the World Institute for Development and Economic Research - WIDER as its initials demonstrate - did a careful econometric analysis of 77 countries. He found that in over 50 of them there was polarisation.²⁰ In only a few countries was the trend the other way and that for special reasons, for example in establishing industrial conditions at a late date in history. There were very few exceptions - although of course trends in both direction require better explanation than social scientists and statisticians have so far provided.

But the trend is set. If it continues and global competition is multiplied we are likely to find that, towards the end of the next century, the differences between rich and poor in any country are going to be greater than the average differences at present between the richest and the poorest countries.

The European Poverty Measure

Let me go back to Table 1. This is from the European Union Household Panel together with EUROSTAT and is the latest account of the variations between European countries in the percentages with below half-average household income. In the early years of the European anti-poverty programmes, in the 1970s, an objective operational standard of poverty was sought. In the 1990s and early years of the 21st century it seems that many institutions in Europe have settled for the conventional but arbitrary measure of half average household income or less. There are variations around 50 per cent, of course, statisticians sometimes choosing the alternative of 40 per cent, or 60 per cent, and sometimes median is substituted for average or mean.

This is highly unsatisfactory. This is a weak measure, that cannot be defended on scientific grounds. It is a poor indicator of poverty, because of the element of arbitrariness. If you take 50% of an average and ask how many households have income of less than that it doesn't tell you anything about what experiences the population under 50% are having. There are no independent criteria, no independent information about what that means in terms of deprivation, mortality, and many other avoidable social outcomes. In deciding what level of income different families need to escape poverty, independent criteria of the relationship of level of income to deprivation, ill-health or social breakdown are necessary. Otherwise the reasoning becomes circular. Moreover, the use of the same relative and arbitrary measure to assess trends over periods of a large number of years becomes meaningless when there is no supporting independent information about what it means at the beginning and end of the periods chosen.

The European measure (a percentage of mean or median income) is a relative income standard. It is not an exact measure of poverty as such because we don't have independent scientific criteria for the choice of that particular poverty line. But you can see that even according to that arbitrary criterion there are several countries, including Portugal and the

United Kingdom, that have around a quarter of population below that particular standard. But you can also see that there are countries at the other extreme, particularly the Scandinavian countries, represented here by Professor Abrahamson, who have only between 4% and 7% of the population with incomes below that relative standard.

Explanations of Variations in Income inequality

So, we have to ask ourselves why it is that we get these wide differences? We can only give answers to this question if we start looking at the labour market, the wage system, the tax system, the benefit system and what services are free or subsidised in those particular countries. There are multiple institutional factors, and different sets of policies, contributing to structural inequality and the changes taking place in the distribution of incomes. They have to be considered seriously in turn.

Perhaps a brief illustration of how explanation can be developed might be given. The extent of polarisation in Britain has been dramatic. What are the causes? We have to deal with privatisation, because there is greater wage inequality in the private than in the public sector; with the developments of markets and market competition overseas as well as at home and the widening of salaries; with de-regulation; with the effects of company mergers and the growth of trans-national corporations on the distribution of earnings; with the re-organisation of the tax system and the tendency for progressive personal taxation to become less prominent; and with cuts in public expenditure and the real level and coverage of benefits, and the shift from "universal" welfare benefits to those that are "targetted" or means-tested. This is part of the story.

In the UK, for example, there were cuts in benefits and abandonment of the link between level of benefit and earnings. The living standards of the poor no longer kept step with economic growth. "Trickledown" was no longer a consequence of economic growth. This seems also to be applying to an increasing number of countries. So we must not run away with the very crude and general idea that economic growth is the salvation from poverty. The test is how the questions of the distribution of tax, wages, employment, benefits and so on are handled nationally and internationally.

Theory

So, that brings us back to causes. Independent criteria have to be assembled of the level at which income is "adequate." For different types of family we have to establish what income is enough to escape multiple deprivation, ill-health and social exclusion. For example, level of income is relevant to calculations of the expectation of life. This is the most unambiguous and accepted demonstration of deprivation. You cannot get away from this kind of revelation about the relationship between early death and low income. It underpins many of our approaches to the problem of poverty.

"Threshold" is another way of conveying "level" of income. It helps us to address the task of establishing a poverty line. The idea of a threshold of risk relates to this conference. Across the world there is an acceptance that global warming and environmental pollution are

extremely serious matters about which countries have now agreed to do something. But they depend on establishing scientific measures of thresholds of risk. Of course scientists may disagree about the levels of air pollution, or other forms of pollution, or change of climate, which are a threat to health, and when premature death becomes likely. Of course they sometimes disagree but they tend to arrive at a consensus around the level which is demonstrably more serious than others. This is what the scientific community in our different European countries must attempt to follow in insisting that governments attempt to establish a scientific minimum income which makes a difference to the levels of deprivation and the levels of health that are experienced.

So, establishing a "threshold" is not an unfamiliar problem to scientists. In establishing a threshold of income, or poverty line, we have to measure income better, more comprehensively - taking account of the value of income in kind and assets. There is extensive evidence showing the effects of deprivation below certain levels. Forms of deprivation and **ill health** multiply below particular levels of income within many different countries. There are therefore grounds for making scientific advance and establishing a consensus about causes and effects. That will tend to be rather similar for countries at different stages of development.

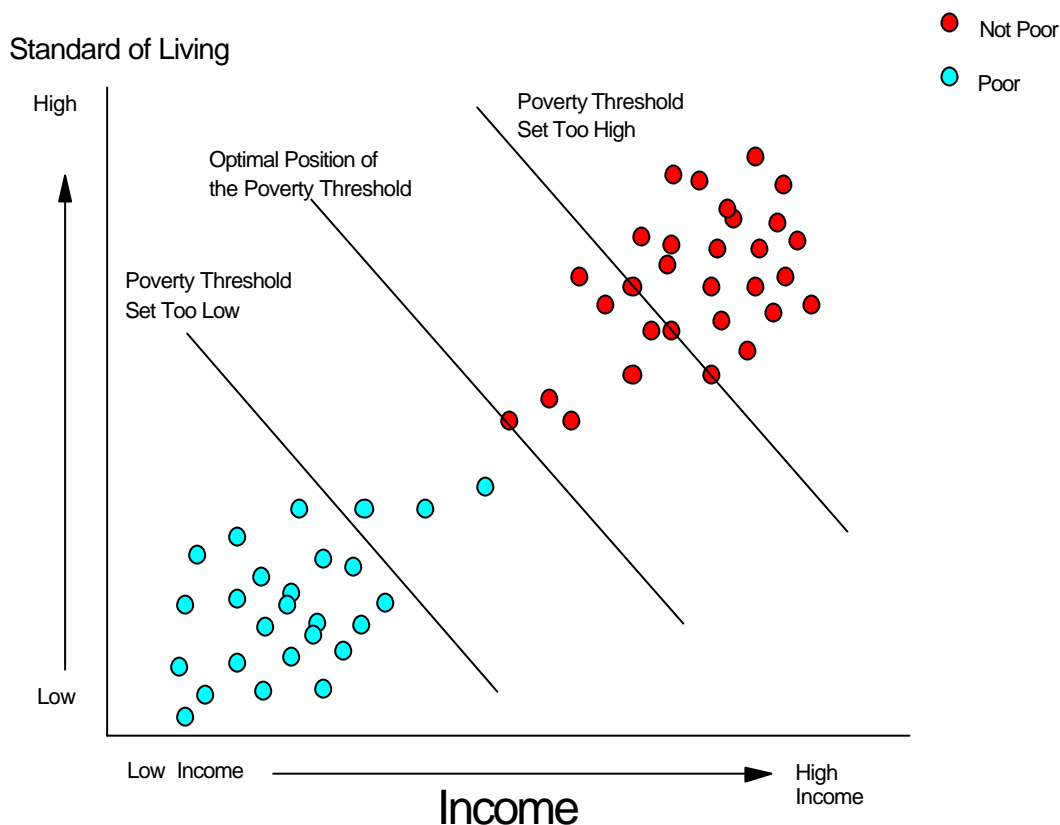
I am calling attention to the shared scientific problem of identifying a threshold of risk because it is important to develop a consensus, based on rigorous scientific and statistical work of the poverty line that governments must take seriously in constructing policies. Just as governments now take seriously scientific estimates of the thresholds at which radiation, global warming and pollution become harmful, so governments need to take seriously the levels of income when poverty becomes harmful.

Perhaps another example should be given. If we talk about the threshold of harmful smoking we know that some people can smoke 50 cigarettes a day and still survive to their 90s. But there is plenty of scientific evidence against smoking in terms of severely lowered expectation of life. Therefore, we should expect to find some people below the poverty line who manage surprisingly well, and avoid certain forms of deprivation. That is no justification for abandoning the duty of carefully calculating, and publishing, the statistical chances of harm for groups of the population, the circumstances of some of whom may differ in particular respects. It is not only a question of luck, but of bad and good contributory factors exerting an influence over many years.

Governments may want to incorporate such a threshold in minimum benefit standards, minimum income guarantee standards or minimum wage standards. There are of course vastly important implications for the political and not only administrative and analytical choices that have to be made. But the objective is one that can give students, research scientists and statisticians inspirational purpose.

Figure 2 gives one illustration of how a threshold can be identified.

Figure 2: Definition of Poverty in terms of income and standard of living



The ‘objective’ poverty line/threshold is shown in Figure 2. It can be defined as the point that maximises the differences between the two groups (‘poor’ and ‘not poor’) and minimises the differences within the two groups (‘poor’ and ‘not poor’). For scientific purposes, broad measures of both income and standard of living are desirable. Standard of living includes both the material and social conditions in which people live and their participation in the economic, social, cultural and political life of the country.²¹

Thus, in scientific terms, a person or household in Britain is ‘poor’ when they have both a low standard of living and a low income. They are ‘not poor’ if they have a low income and a reasonable standard of living or if they have a low standard of living but a high income. Both low income and low standard of living can only be accurately measured relative to the norms of the person’s or household’s society.

A low standard of living is often measured by using a deprivation index (high deprivation equals a low standard of living) or by consumption expenditure (low consumption expenditure equals a low standard of living). Of these two methods, deprivation indices are more accurate since consumption expenditure is often only measured over a brief period and is obviously not independent of available income. Deprivation indices are broader measures because they reflect different aspects of living standards, including personal, physical and mental

conditions, local and environmental facilities, social activities and customs. Figure 2 illustrates the concepts.

How, therefore, has this approach governed the information collected in the British PSE survey, which I was invited to describe? Poverty is the lack of sufficient income (including income equivalent to the use of assets and receipt of goods and services in kind) to enable individuals to meet material needs and social obligations created by the state, employers, market, custom and living in families and communities. Consequently there are scientific criteria of need, scale and kind of deprivation, external to income that have to be specified in determining a "poverty line" of income appropriate for measuring extent and severity of the problem in any country.²² These were adopted in the research.

Social Exclusion

Although there is insufficient time now to discuss details, the research in Britain has also been extended to the measurement of social exclusion. Social exclusion is lack or denial of access to the kinds of social relations, social customs and activities in which the great majority of people in British society engage. In current usage exclusion is often regarded as "process" rather than "state" and this helps in being constructively precise in deciding its relationship with poverty.²³ For reasons to be explained elsewhere we decided to distinguish four dimensions of exclusion: impoverishment, or exclusion from adequate income or resources; labour-market exclusion; service exclusion and exclusion from social relations. In principle these four sub-categories can vary, and causation assessed, independently. The PSE allows intensive examination of a wide range of data to arrive at more reliable measures of both these concepts.

We have tried to argue above for the development of an international scientific consensus about the quantitative measurement of "poverty." That aim is even more true of the measurement of "social exclusion." Analysts like Hilary Silver, Graham Room and Ruth Levitas have in their different ways written about the potentialities of the concept. It is as Ruth Levitas shows in her new book *The Inclusive Society* highly "contested." Her approach is helpful in revealing the origins and motivations of three alternative models - RED, MUD and SID. These are the redistributive, moral underclass and social integration discourses. Earlier Hilary Silver had also adopted three models to illustrate the various treatment of the term. She called these three models solidarity, specialisation, and monopoly paradigms. Each is grounded in a different political philosophy - republicanism, liberalism and social democracy - and each attributes exclusion to a different cause. "Each provides an explanation of multiple forms of social disadvantage - economic, social, political and cultural - and thus encompasses theories of citizenship and racial-ethnic inequality as well as poverty and long-term unemployment."²⁴

Another procedure is to trace the history of the treatment of social exclusion in different countries and regions. The history covers at least 25 years. Apparently the concept was coined in France to explain the problems which were arising because of poor coverage of social insurance.²⁵ The implication was that coverage should be improved so that fewer social problems arose. For observers in the UK this is ironic. At a time when the institution of social

insurance is under threat the Government has seized on social exclusion as the governing factor in constructing domestic policy. In the 1980s in France the concept was quickly extended to reflect the increasing concern with long-term unemployment, the worryingly large numbers of unskilled workers and the problems of integrating immigrants. In formulations of policy Jacques Delors, the then President of the European Commission, backed up by a range of organisations like the European Labour Forum, re-iterated these concerns.

Absolute and Overall Poverty

In the 20th century many social scientists struggled to extricate the concept from political ideology - in particular to overcome the prejudice that the poor can make do with money enough to buy their barest physical but not their social needs, and that standards of need are believed to be greater in rich than in poor societies. By recommending the two-tier measure of "absolute" and "overall" poverty in 1995 an opportunity was created of overcoming such prejudices. Even governments of countries where absolute poverty was believed not to exist could be persuaded to accept this two-tier approach. Cross-national comparisons would be more reliably based.

The 1995 UN report highlighted the problems in rich and poor countries of poverty and social exclusion. The report called for "*the substantial reduction of overall poverty and the eradication of absolute poverty.... Each country should develop a precise definition and assessment of absolute poverty.*" (pp. 60-61)

Absolute poverty is defined as "*a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information. It depends not only on income but also on access to services.*" (UN, 1995, p. 57)

Overall poverty takes various forms, including "*lack of income and productive resources to ensure sustainable livelihoods; hunger and malnutrition; ill health; limited or lack of access to education and other basic services; increased morbidity and mortality from illness; homelessness and inadequate housing; unsafe environments and social discrimination and exclusion. It is also characterised by lack of participation in decision-making and in civil, social and cultural life. It occurs in all countries: as mass poverty in many developing countries, pockets of poverty amid wealth in developed countries, loss of livelihoods as a result of economic recession, sudden poverty as a result of disaster or conflict, the poverty of low-wage workers, and the utter desitution of people who fall outside family support systems, social institutions and safety nets.*" (UN, *ibid*, p.57)

The two-level definition of poverty given in the report (see appendix) was designed to bridge First and Third Worlds and to afford a basis for cross-national measurement. In the PSE survey it was adapted to conditions in Britain. As already stated both subjective and objective measures were developed.

In our operational measures of poverty, therefore, we have tried to follow the UN initiative. For each of the two tiers we devised alternative measures. One was to operationalise a

"subjective" poverty line - by inviting respondents at interview to say what level of income was required by a household of their type to surmount absolute, and what level overall, poverty, and then to ask whether they considered their household to have an income below or above, or a lot below or above, the income specified. Some members of the research team had used this method experimentally for Britain.²⁶

The second was to continue to use, but also extend, the more "objective" methodology of the Breadline Britain Surveys of 1983 and 1990.²⁷ This became known as the "consensual" approach. Respondents were invited to go through a long list of material goods and social activities and name those they regarded as necessities of life. Items and activities specified by more than 50 per cent of respondents were selected to make up a "consensual" standard of need. Table 3 provides preliminary results from the first part (the so-called "Omnibus" survey carried out annually by the ONS in the UK). Further questioning sought to establish whether respondents had, and if not whether they could not afford, the goods or activities in the list - so that a deprivation index could be constructed to correlate with actual income.

Table 3: Perception of necessities in England, Scotland and Wales (%)

Material goods and social customs and activities said to be necessary	England 1999 (n=1591)	Scotland 1999 (n=165)	Wales 1999 (n=99)	Wales 1995 (n=1007)
Heating to warm living areas	95	95	89	99
Damp free home	94	98	90	99
Visiting friends or family in hospital	94	94	83	-
Two meals a day	92	91	75	94
Medicines prescribed by doctor	92	92	79	-
Refrigerator	90	91	80	95
Fresh fruit and vegetables daily	87	85	76	90
A warm waterproof coat	86	92	81	93
Replace broken electrical goods	86	86	83	-
Visits to friends or family	86	82	84	-
Celebrations on special occasions	85	85	74	-
Money to keep home decorated	84	83	72	84
Visits to school e.g. sports day	84	78	67	-
Attending weddings, funerals	82	80	79	-
Meat, fish or vegetarian equivalent	81	80	76	-
Insurance of contents of dwelling	80	82	75	84
A hobby or leisure activity	80	77	77	73
Collect children from school	78	71	68	-
A washing machine	77	82	80	83
Telephone	72	69	69	64
Appropriate clothes for job interviews	71	69	66	-
Carpets in living rooms and bedrooms	70	70	77	-
Deep freezer/fridge freezer	70	69	63	-

Regular savings for rainy days	68	61	65	67
Friends or family round for a meal	66	62	60	-
Two pairs of all weather shoes	65	71	68	80
Money to spend on self weekly	62	53	49	-
Presents for friends/family yearly	59	50	46	55
A roast joint/vegetarian equivalent weekly	58	42	72	-
A holiday away from home	57	51	55	49
A television	56	59	60	68
Replace worn out furniture	56	53	51	-
A dictionary	55	55	58	-
An outfit for social occasions	52	54	53	-
New, not second hand, clothes	49	46	57	59
Attending place of worship	42	46	53	-
A evening out once a fortnight	41	35	43	-
Coach/train fares to visit friends/family	41	33	34	-
A car	40	27	42	43
A dressing gown	35	34	42	-
Having a daily newspaper	29	47	40	-
A meal in a restaurant/pub monthly	27	20	26	-
Microwave oven	24	23	28	-
Tumble dryer	21	20	27	-
Going to the pub once a fortnight	21	19	24	-
A video cassette recorder	20	15	23	23
Holidays abroad once a year	20	17	21	-
A home computer	12	9	15	13
CD player	12	12	18	-
A dishwasher	7	7	14	-
Mobile phone	7	7	10	-
Access to the internet	7	4	7	-
Satellite television	5	6	9	-

(Note: Don't Know/Not Sure/Unanswered coded as missing. Some of the question wordings in the 1995 Poor Wales Survey varied slightly from the wordings used in the 1999 Poverty & Social Exclusion Survey of Britain)

It can be seen from Table 3 that there was surprisingly close agreement among the sub-samples in three regions about what are "necessities" of life. In the fourth column data are given from an independent source about the situation in Wales.

Absolute poverty is perceived in the UK as large-scale. As many as 14 per cent of the sample (Table 4), representing 8 million people, said they had less income than the level they identified as being enough to keep a household like theirs out of "absolute" poverty. If the 'Don't knows' are excluded, this figure becomes 17 per cent.

The income, after tax, said to be needed each week to escape *absolute* poverty averages £167 for all households. Informants gave estimates widely different from this average, but the great majority, allowing for type of household, were within 20 per cent of this figure.

Perceptions of the poverty line varied by type of family, as would be expected. More lone parents than any other type of family (40 per cent) said they had an income below that needed to keep out of *absolute* poverty. Next were single pensioners (19 per cent) and couples with one child (18 per cent).

A larger proportion (22 per cent) - representing nearly 13 millions - ranked themselves in *overall* poverty. The proportion becomes 26 per cent if the "don't knows" are excluded. Although, as expected, the additions to the numbers came from every type of family the additions were disproportionately high from families with children.

Table 4 Income needed each week to keep a household of your type out of absolute and overall poverty (Britain 1999)

	Absolute Poverty	Overall Poverty	General Poverty
Mean income needed	£167	£237	£219
Don't know	13%	14%	13%
	Per cent	Per cent	Per cent
Actual income a lot above	46	34	31
A little above	20	22	27
About the same	7	7	12
A little below	7	9	8
A lot below	7	13	9
Don't know	13	14	13
Total	100	100	100
Number	1527	1527	1527

Perceptions of the poverty line varied by type of family, as would be expected (See Table 5). More lone parents than any other type of family (40 per cent) said they had an income below that needed to keep out of *absolute* poverty. Next were single pensioners (19 per cent) and couples with one child (18 per cent). Fewer couples of any age (11-12 per cent) and fewer couples with two or more children (7-8 per cent) perceived themselves to be in *absolute* poverty.

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Table 5: Per cent of each type of household saying their actual income was lower than the mean income said to be needed by households of that type to keep out of absolute and overall poverty (Britain 1999)

	Absolute poverty %	Overall poverty %	General poverty %
Single pensioner	19	26	21
Couple pensioner	12	18	15
Single adult	12	25	21
Couple	13	15	16
Couple 1 child	18	27	14
Couple 2 children	8	15	14
Couple 3+ children	7	27	13
Lone parent 1 child	40	44	46
Lone parent 2+ children	42	57	49
Other	9	19	11

The research shows beyond reasonable doubt that the scale of needs in some rich industrial societies are perceived by their populations to be much larger than generally allowed in national and international discourse. This two-level measure deserves to be extended internationally.

Future Developments

In 1998 the British Government committed itself to publishing an annual assessment of progress in reducing poverty and social exclusion. After several decades of denial that poverty was a problem worthy of the name this was extremely welcome, as was the Prime Minister's commitment to ending child poverty in 20 years. The first of the Government's reports was published in late 1999.²⁸ The Department of Social Security has taken the European relative income standards of 40 per cent, 50 per cent and 60 per cent of average household income as reference points. The development of an evidential approach to poverty measurement, like the two-tier approach agreed at the Copenhagen world summit, is still awaited.

Our research group has no illusions about the ambitious nature of the continuing task of analysis upon which we have embarked. The nature of structural change has to be understood. For two decades incomes substantially diverged and in the late-1990s were continuing to diverge. There are problems of dislocation, insecurity, multiple deprivation, conflict, divided loyalties and divided activities as a consequence. Major questions are being posed for the future of social cohesion. Current outcomes of high rates of poverty and social exclusion for health, education, skills in the changing labour market, relationships in family, between ethnic groups and in society as a whole are disconcerting and often very serious. New developments

are being reported every day. The structural problem has to be addressed in a concerted way. The construction of a scientific consensus - to improve understanding of measurement, severity, cause, and the role of public and private services - is vital to us all.

Summary and conclusion

I have tried to summarise the new research in 1999 of the team in four universities engaged on the analysis of the British Poverty and Social Exclusion Survey, sponsored by the Joseph Rowntree Foundation, and involving a partnership between research staff in four universities and the Office of National Statistics.

The novelty of the research lies in two things. It continues a long-established national tradition of investigating and measuring the scale and severity of poverty, but (1) it extends this tradition to the modern investigation of social exclusion, and (2) it contributes to the cross-national investigation of these phenomena - as Britain agreed to do at the World Summit for Social Development in 1995²⁹ - in readiness for the Copenhagen Plus 5 review in Geneva in June 2000.

The following specific features may be require further inquiry by statisticians internationally:

- 1) The paper tries to provide a scientific rather than national basis for the measurement of poverty and calls for the development of an international scientific consensus about measurement, so that cross-national and not only national priorities may be identified, and consequential policies properly monitored and assessed;
- 2) The paper criticises the treatment internationally in the 1980s and 1990s of the concepts of "poverty" and "social exclusion," and invites more comprehensive and cross-national methods of an objective, as well as subjective kind, to be adopted. Like environmental pollution a threshold of risk or harm from poverty has to be identified more exactly;
- 3) The development of measures of "absolute" and "overall" poverty, as recommended in Copenhagen by 117 countries at the time of the World Summit for Social Development in 1995 are explained, and early evidence from the 1999 British Poverty and Social Exclusion Survey quoted. The evidence suggests that the two measures can be treated seriously in rich and poor countries, and that the scale of poverty in rich countries like the UK is more substantial than many observers suppose;
- 4) The problem of "social polarisation" had to be brought to the forefront of work in statistics and the social sciences - and the acquisitions and the reorganisation of wealth, including personal wealth, better analysed and explained in relation to the increase of poverty;
- 5) The international agencies have particular responsibility for failing to call sufficient attention to the scale of the growing problem and take avoiding action. If they did they would have to critically examine the transnational corporations and insist on a minimum contribution to social development;
- 6) Policies precipitating the collapse of the national welfare state may increasingly need to be replaced by policies inaugurating and confirming an international welfare state – especially modernised social insurance, and basic health and education services. That also has wider implications for re-assessment of the work of the UN and strengthening international company and taxation laws - as being developed in papers prepared for the Copenhagen Plus 5 review in Geneva in June 2000..

We cannot talk about the poor without talking about the rich. We cannot examine the poor in the system without asking where the rich are in the system. We cannot talk about social exclusion without talking about the socially included. Therefore, we badly need to exploit the idea with which I started - **social polarisation**. That concept encapsulates a continuing trend

of unimaginable importance to all of us - in terms of social inequalities being generated of many different kinds but of consequential violence that occurs and is being accepted and condoned. We cannot look at poverty and we cannot look at social exclusion without addressing social polarisation, indeed without addressing the excesses of wealth as well as well as the impoverishment of the poor.

Footnotes

¹ UN (1995) *The Copenhagen Declaration and Programme of Action: World Summit for Social Development*, New York, UN.

² Bradshaw J., Gordon D., Levitas R., Middleton S., Pantazis C., Payne S. and Townsend P. (1998), *Perceptions of Poverty and Social Exclusion 1998*, Report on Preparatory Research, Bristol, Centre for International Poverty Research.

³ Mack J. and Lansley S. (1985), *Poor Britain*, London, Allen and Unwin; Gordon D. and Pantazis C. (1997), *Breadline Britain in the 1990s*, Aldershot, Ashgate.

⁴ Cm 4045 (1998), *Bringing Britain Together: A National Strategy for Neighbourhood Renewal*, Social Exclusion Unit, London, The Stationery Office.

⁵ UN (1995) *The Copenhagen Declaration and Programme of Action: World Summit for Social Development*, New York, UN, p. 57..

⁶ World Bank (1990), *World Development Report 1990: Poverty*, Washington D.C., World Bank; World Bank (1996), *Poverty Reduction and the World Bank: Progress and Challenges in the 1990s*, Washington D.C., World Bank

⁷ For example, UNDP (1997), *Human Development Report 1997*, New York and Oxford, Oxford University Press.

⁸ For example, UNDP (1998), *Poverty in Transition*, Regional Bureau for Europe and the CIS, New York, UNDP; Szalai J. ed. (1998), *Old and New Poverty in Post-1989 Central Europe*, special issue of *East-Central Europe*, Vol. 20-23, parts 3-4.

⁹ Atkinson A.B. (1998), *Poverty in Europe*, Oxford, Blackwell; Atkinson A.B., Rainwater L. and Smeeding T. (1995), *Income Distribution in OECD Countries*, Social Policy Studies No.18, Paris, OECD; Bradbury B. and Jantii M. (1999), *Child Poverty Across Industrialised Nations*, Innocenti Occasional Papers, EPS 1971, Florence, UNICEF.

¹⁰ Cornia G.A. (1999), *Liberalisation, Globalisation and Income Distribution*, Working Paper No. 157, Helsinki, Finland, UNU World Institute for development Economic Research, p. 7..

¹¹ Ibid, pp. vi and 7; and see Townsend P. (1993), *The International Analysis of Poverty*, Hemel Hempstead, Wheatsheaf, pp. 14-18.

¹² The 1994 ECHP data were the latest available at the time of writing.

¹³ Hills J. (1998), *Income and Wealth: The Latest Evidence*, York, Joseph Rowntree Foundation, p.5.

¹⁴ Ibid, p.5; see also Hills J. (1995), *Income and Wealth, Volume 2: A Summary of the Evidence*, York, Joseph Rowntree Foundation; Hills J. ed. (1996), *New Inequalities, the Changing Distribution of Income and Wealth in the United Kingdom*, Cambridge, Cambridge University Press.

¹⁵ Department of Social Security (1999), *Households Below Average Household Income 1994/5 – 1997/8*, Leeds, Corporate Document Services, pp. 172-3.

¹⁶ Ibid.

¹⁷ Bradbury B. and Jantti M. (1999), *Child Poverty Across Industrialised Nations*, Innocenti Occasional Papers, EPS 1971, Florence, UNICEF; Piachaud D. and Sutherland H. (2000), *How Effective is the British Government's Attempt to Reduce Child Poverty*, CASEpaper 38, London, Centre for Analysis of Social Exclusion, p. 8; Middleton S., Ashworth K., and Braithwaite I. (1998), *Small Fortunes; Spending on Children, Childhood Poverty and Parental Sacrifice*, York, Joseph Rowntree Foundation.

¹⁸ CSO (1996-9), *Family Expenditure Survey Reports for 1996/7, 1997/8 and 1998/9*, London, The Stationery Office, Table 8.3, and see also similar data for quintiles, *Social Trends 28, 29 and 30*.

¹⁹ Howarth C., Kenway P., Palmer G. and Miorelli R. (1999), *Poverty and Social Exclusion 1999*, York, Joseph Rowntree Foundation, p.26.

²⁰ Cornia G.A. (1999), *Liberalisation, Globalisation and Income Distribution*, Working Paper No. 157, Helsinki, Finland, UNU World Institute for development Economic Research, p. 7..

²¹ Townsend P. and Gordon D. (1989), *Low Income Households: Memorandum of Evidence to the House of Commons Social Services Committee*, 579, pp. 45-73.

²² For more detailed review of operational concepts see Gordon, D. and Spicker, P. (Eds) (1999) *The International Glossary on Poverty*, Cape Town, Dhaka, Bangkok, London & New York, Zed Books.

²³ Among key texts consulted are Levitas R. (1999), *The Inclusive Society*, London, Macmillan; Silver H. (1994), "Social Exclusion and Social Solidarity: Three Paradigms,"

International Labour Review, Vol 133, No. 5-6, pp. 531-578; Gore C. and Figueiredo J.B. (1996), *Social Exclusion and Anti-Poverty Strategies*, Geneva, International Institute for Labour Studies; Room G. ed. (1995), *Beyond the Threshold: The Measurement and Analysis of Social Exclusion*, Bristol, Policy Press.

²⁴ Silver, op.cit, p.539.

²⁵ Gore and Figueirido, op.cit, p.9.

²⁶ Townsend P., Gordon D., Bradshaw J. and Gosschalk B. (1997), *Absolute and Overall Poverty in Britain in 1997: What the Population Themselves Say*, Report of the Second MORI Survey, University of Bristol, Bristol Statistical Monitoring Unit.

²⁷ Mack J. and Lansley S. (1985), *Poor Britain*, London, Allen and Unwin; Gordon D. and Pantazis C. (1997), *Breadline Britain in the 1990s*, Aldershot, Ashgate. The construction and use of a deprivation index was also developed in a Greater London survey in the late 1980s: Townsend P. and Gordon D. (1989), "What is Enough?" in House of Commons Social Services Committee, *Minimum Income*, House of Commons 579, London, HMSO.

²⁸ DSS (1999), *Opportunities for All: Tackling Poverty and Social Exclusion*, Cm 4445, London, The Stationery Office.

²⁹ UN (1995) *The Copenhagen Declaration and Programme of Action: World Summit for Social Development*, New York, UN.