Geographies of Poverty and Inequality

Part IA: People, Space and Geographies of Difference
2009 – 2010

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Geographies of Poverty and Inequality: Lecture outline

- The concept and measurement of poverty
- The dynamics of poverty and inequality in the UK, with a particular focus on child poverty
- Explaining poverty and inequality – theories of poverty
- Looking at the structuralist approach in detail:
  - Socio-economic structures
  - Government policies
Defining Poverty I: A contested concept

- Poverty is a complex and contested concept
- Poverty is defined in different ways:
  - Absolute poverty: definable minimum requirements needed for physical survival
  - Relative poverty: ‘Most now accept that poverty is a relative concept … What counts as poverty in Britain in 2004 is very different to poverty in Britain in 1904, or to Rwanda in 2004.’ (Paxton & Dixon, 2004: 8)
Defining Poverty II: Relative poverty

Relative poverty:
- ‘Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, … in the societies to which they belong.’ (Townsend, 1979: 31)
- Poverty is culturally and historically relative
- Poverty is not simply a lack of money, but a lack of opportunities
- Poverty is multidimensional, with some aspects more easily quantifiable than others
Measuring Poverty I: Absolute measures

- In the US, an absolute measure of poverty is used - the level at which people are unable to purchase or consume a minimum package of goods and services.

- There are problems with this measure:
  - Assumes a specific level of income will eliminate poverty – an arbitrary measure.
  - Setting an absolute measure involves ethical and political judgements.
  - There are questions about what the minimum package should include.
Measuring Poverty II: Relative measures

- In the UK, a relative measure of poverty is used
  - From 1986, statistics were based on Households Below Average Income
  - From 1998, adopted EU measure – 60% of median income

- But there are still limitations:
  - A cut-off point still has to be chosen
  - Fails to take into account how far people are below the poverty threshold or how long they remain in poverty
  - Fails to reflect the multidimensionality of poverty
Measuring Poverty III: From poverty to social exclusion

- Increasingly, there are attempts to widen the concept of poverty, e.g. Breadline Britain, Joseph Rowntree Foundation
- ‘These considerations lead from poverty as low income to poverty as a barrier to social participation, and hence to the concept of ‘social exclusion’ (Gough et al, 2006: 49)
- Conclusions vary depending on the measures analysts use
Poverty in the UK: Households below 60% median income

The proportion of people on low incomes rose in 2007/08 for the third year in a row. This rise occurred at all thresholds of low income.

Source: Households Below Average Income, DWP (1994/95 onwards) and the IFS (earlier years); UK; updated Aug 2009
Inequality in the UK I: Gini coefficient 1979-2006

Note: The Gini coefficient has been calculated using incomes before housing costs have been deducted. Source: Authors’ calculations using Family Expenditure Survey and Family Resources Survey, various years.

Source: Brewer et al, 2008
Inequality in the UK II: OECD comparison

Figure S4: Income inequality in OECD countries, mid-2000s (Gini coefficients)

The UK had income inequality in the highest quarter of industrialised countries in the mid-2000s.

Note: UK figures based on FRS.

Source: National Equality Panel, 2010
Inequality in the UK III: EU comparison

Source: http://www.poverty.org.uk

Source: EU Community Statistics on Income and Living Conditions; the data is for 2007; updated Jan 2009
Inequality in the UK IV: Average change in incomes 1997/8–2007/8

Unlike the rest of the population, the poorest tenth have not seen a rise in their average incomes over the last decade.

For each income group, average percentage change in real net household incomes between 1997/98 and 2007/08, after deducting housing costs.

Source: Households Below Average Income, DWP; Great Britain; updated Aug 2009

Source: http://www.poverty.org.uk
Child Poverty I: UNICEF report cards

- ‘One in every six of the rich world’s children is living in poverty. In total, approximately 47 million children in the nations of the OECD live below their national poverty lines.’ (UNICEF, 2000: 2)

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<thead>
<tr>
<th>Dimensions of child well-being</th>
<th>Dimension 1</th>
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<td>Educational well-being</td>
<td>Family and peer relationships</td>
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OECD countries with insufficient data to be included in the overview: Australia, Israel, Japan, Luxembourg, Mexico, New Zealand, the Slovak Republic, South Korea, Turkey.

Source: UNICEF 2007
Child poverty II: Child poverty in the UK

The proportion of children in low-income households was falling up to 2004/05 but has been rising since then. Children remain more likely than adults to live in low income households.

Source: Households Below Average Income, DWP; UK; updated Aug 2009

Source: http://www.poverty.org.uk
Child poverty III: End Child Poverty film clip

http://www.youtube.com/watch?v=miBNSiC-0V8
Geography of Poverty I: The North / South divide
Geography of Poverty I: The North / South divide

Source: Dorling and Thomas, 2004
Geography of Poverty II: The North / South divide

- Regional socio-economic disparities widened dramatically in the 1980s.
- The North / South divide is a simplification of reality so we need to:
  - Recognise complexity by looking at different scales.
  - Recognise that there is debate as to whether there is currently regional convergence (Brewer et al, 2008) or polarisation (Dorling & Rees, 2003; Dorling et al, 2007; Paxton & Dixon, 2004).
Geography of Poverty III: The scale of the city

- Not all those living in inner-cities are poor:
  - ‘Pockets of great deprivation exist alongside relatively affluent neighbourhoods. It is not unusual for areas experiencing persistent poverty and marked social exclusion to be only a few miles from prosperous, thriving communities.’ (Paxton & Dixon, 2004: 29)

- The poor are not only located in inner-cities:
  - ‘In short, we find urban poverty wherever we find the urban poor. Sometimes this will be in the redeveloped high-rise estates of the inner city, but equally we may find the vulnerable and disadvantaged in the outer estates, or if they are denied access to social housing, in the run-down rented terraces fringing the inner city.’ (Goodwin, 1995: 68-69)

- ‘The inner areas of London, Birmingham, Glasgow, Liverpool and Manchester regularly appear at the top of most tables of urban deprivation and poverty. But not all of the areas scoring badly are inner cities and not all inner city areas score badly’ (Goodwin, 1995: 71).
Although often ignored, significant areas of rural deprivation have developed since the mid-twentieth century (Gregory et al, 2001)

Case study: Patbourne, Wiltshire

‘There is a distinct lack of social housing, public transport services, public health provision, welfare facilities …which leads to new forms of vulnerability and exclusion for local groups living in poverty’ (Milbourne, 2004: 573)
Explaining Poverty: Theories of poverty

- **Individualistic approach:**
  - Focuses explanation on the poor people themselves
  - Lewis’s (1959) ‘culture of poverty’ / ‘cycle of poverty’
  - Myrdal’s (1963) ‘underclass’

- **Structuralist approach:**
  - Sees poverty as a function of social, economic and political structures
  - However, remember that people who experience poverty do so as active agents – both structure and agency are important
  - Structures contributing to growing inequality in the UK:
    - Socio-economic changes
    - Restructuring of the welfare state
Socio-economic changes I: Divergence in earnings

- Distribution of skills: ‘Relative to supply, the demand for skilled workers was rising and the demand for unskilled workers was falling. The consequence is a weakening labour market for the unskilled with relative wages falling and jobs becoming harder to find.’ (Nickell, 2004: C9)

- Polarised wages in the service-sector with a huge contrast between high-end and low-end work

- Legislation to curb the power of the unions contributed to a decline in real wages for unskilled workers

- Neoliberal strategies, including the privatisation of nationalised industries, resulted in large increases in salaries for the highest paid workers

- Growth in investment income benefited the wealthy
Socio-economic changes I: Demographic change

- A divergence between work-rich and work-poor households:
  - ‘We have seen a substantial rise in households where both partners are working (from 55 to 64% of all two adult working age households from 1979 to 1999). And we have also seen a substantial rise in households where neither partner is working (from around 4% in 1979 to around 8% in 1999).’ (Nickell, 2004: C5)

- Social and demographic change increased the number of people who traditionally are more dependent on welfare
Government Policy I: The Keynesian welfare state

- Post World War II: Keynesian welfare state
- Principles set out in the Beveridge Report in 1942, providing protection ‘from the cradle to the grave’
- Introduced national insurance scheme, family allowance, NHS, free compulsory education, council house building
Government Policy II: The welfare state in crisis

- In the early- to mid-1970s, the welfare state entered a period of crisis
  - Due to rising relative costs of welfare, rising expectations and growing social needs, the welfare state was over-burdening the country
  - Criticised as too bureaucratic, inefficient and unresponsive
  - Benefits were argued to be encouraging dependency
- Therefore, the structures of the welfare state were questioned for economic and political reasons
Government Policy III: Restructuring the welfare state

- Under a Thatcherite government, the welfare state was restructured:
  - **Direct expenditure cuts in welfare benefits**, e.g. income support stopped for 16-17 year olds and earnings-related benefits for the unemployed, sick and disabled were abolished
  - **Market principles were introduced**, e.g. compulsory competitive tendering and quasi-markets
  - **Public services were privatised**, e.g. council houses right-to-buy scheme
- From 1979, therefore, the welfare state was there to provide a safety net for those who could not work, not for those who preferred not to.
Government Policy IV: New Labour’s workfare state

- New Labour came to power in 1997: Third Way or ‘conservative interventionism’ (Gough et al, 2006: 186)
- ‘The use of the term exclusion signals something of a paradigm shift on Labour’s part, away from a concern for equality and towards a focus on social inclusion and equality of opportunity.’ (Mohan, 1999: 130)
- Employment is constructed as the way out of poverty, and thus New Labour’s approach to welfare is explicitly linked to the economy
  - Increases in educational spending linked to employability
  - Welfare-to-work programmes, e.g. New Deal, Job Centre Plus, Working Families Tax Credit, minimum wage
Government Policy V: New Labour’s workfare state

- ‘The predominant mantra of the Labour Government’s reforms is ‘Work for those who can work. Security for those who can’t.’ (Bradshaw, 2000: 63)
- A shift from a Fordist welfare state to a post-Fordist workfare state
Government Policy VI: Changes in income support by social group

While the level of means-tested benefits for both families with children and pensioners has gone up much faster than inflation over the last decade that for working-age adults without children has remained constant in real terms.

Source: Benefit levels from DWP and price inflation indices from ONS; UK; updated May 2009

Source: http://www.poverty.org.uk
The impact of the recession

• ‘In the wake of the financial crisis and the recession Government faces the challenge of re-balancing the public finances. How this is done will probably be the most important influence on how the inequalities both within and between groups evolve from those we have described in this report. A fundamental question is now whether the costs of recovery will be borne by those who gained least in the period before the crisis, or by those who gained most, and are in the strongest position to bear them.’ (National Equality Panel, 2010: 35)
Geographies of Poverty and Inequality: Key points

- Poverty is a contested, relative and multi-dimensional concept
  - Poverty is not just a lack of money but also about opportunities to participate in society
- There is a complicated geography of poverty, a geography that you need to consider at different scales
- Poverty and inequality are largely determined by a combination of macro-economic conditions and government policies
  - The economic restructuring that has taken place with the shift from Fordism to Post-Fordism
  - The restructuring of the welfare state under successive governments since 1979
‘A fundamental aim of people with widely differing political perspectives is to achieve ‘equality of opportunity’, but doing so is very hard when there are such wide differences between the resources which people and their families have to help them fulfil their diverse potentials.’ (National Equality Panel, 2010: 1)
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