



A Brief History of the Idea of Poverty

David Gordon

Director Bristol Poverty Institute & Townsend Centre for International Poverty Research University of Bristol, UK

> Poverty Research Methods Course Room G12, Victoria Rooms University of Bristol 15th – 19th July 2019

Different Concepts of Poverty



Source: Gordon, D. and Spicker, P. (Eds) (1999) The International Glossary on Poverty. London, Zed Books.

Sustainable Development Goals (SDGs) 2015 to 2030





17 Goals, 169 targets, 232 Indicators

SDG Goal 1 Targets. End poverty in all its forms everywhere

1.1 by 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than\$1.25 a day

1.2 by 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

1.3 implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable

The Worst Violation of Human Rights?

"Extreme poverty to me is the greatest denial of the exercise of human rights. You don't vote, you don't participate in any political activity, your views aren't listened to, you have no food, you have no shelter, your children are dying of preventable diseases - you don't even have the right to clean water. It's a denial of the dignity and worth of each individual which is what the Universal Declaration proclaims."

(Mary Robinson, United Nations High Commissioner for Human Rights, 2002, BBC Talking Point -

http://news.bbc.co.uk/2/hi/talking_point/forum/1673034.stm)

Age at death by age group, 1990-1995



Source: The State of the World Population 1998

Death Toll of 20th Century Atrocities

http://users.erols.com/mwhite28/war-1900.htm



Only the good die young? – what kills children



A Brief History of UK Anti-Poverty Policy

The Countries that Britain has Invaded



Source: Laycock, S. (2012) All the Countries We've Ever Invaded: And the Few We Never Got Round To London, The History Press.

Charter of the Forest: The Beginnings of UK Anti-poverty Policy

Charter of the Forest of 6th November 1217 – the companion charter to Magna Carta. At that time Royal Forest covered about a third of England

Magna Carta was primarily concerned with the rights of Barons, but the Charter of the Forest was primarily concerned with the rights of ordinary people – the commoners.

The Charter guaranteed the rights of free men and widows to use the Royal Forests for herbage (gathering berries and herbs), pannage (pasture for pigs), estover (wood to build homes, make tools and for firewood), agistment (grazing), turbary (cutting of turf for fuel), collecting of honey, digging marl and ponds, etc. – thus it provided a degree of economic protection to use the forest to forage for food & fuel, farm and graze animals.

The Charter of the Forest was read out in a special service in every church, four times per year. It was eventually repealed, after 745 years, by the Conservative Government in 1971

The Conservative Government refused to officially celebrate the 800th anniversary of the Charter of the Forest in 2017 as it '*was unimportant, without international significance*'

Levellers, Diggers, commoners rights and the 'Problem of Riches'

The victory of the New Model Army in the English Civil War provided an opportunity for radical change and thought.

The Agitators, with the help of the Levellers, presented a range of constitutional demands to Oliver Cromwell at the Putney Debates (1647) – their demands set out in *An Agreement of the Free People of England* include the right to vote for all men over the age of 21 (excepting servants, beggars and Royalists), progressive taxation and the abolition of tithes and imprisonment for debt.

The Diggers argued that 'No man can be rich, but he must be rich either by his own labours, or by the labours of other men helping him. If other men help him to work, then are those riches . . . the fruit of other men's labours as well as his own.'

'all rich men live at ease, feeding and clothing themselves by the labours of other men, not by their own; which is their shame, not their nobility'. And when the rich give charity *'they give away other men's labours, not their own'.*

Winstanley, G. (1652) The Law of Freedom. https://www.bilderberg.org/land/lawofree.htm

The idea that poverty can be ended is over 200 year old

The French enlightenment philosopher Marie Jean Antonine Nicolas de Caritat, Maquis de Condorcet argued in *Sketch for a Historical Picture of the Progress of the Human Mind* (published posthumously in 1794 by the government of the new French Republic) that poverty was not a result of natural laws or divine will but was caused by '*the present imperfections of the social arts*'

He argued that poverty could be ended by the universal provision of pensions, grants to the young, sickness benefits and state education

Historic changes in the primary purpose of anti-poverty policy

Century	Purpose of Anti-poverty Policy		
17 th & 18 th	Relief of Indigence		
19 th & early 20 th	Relief of Destitution		
20 th	Alleviation of Poverty		
21 st	Eradication of Poverty		

Policy Context

17th & 18th Century: Poverty was perceived as a regrettable but necessary evil that was required to make the 'lower classes' work. Young (1771) argued that "*Everyone but an idiot knows that the lower classes must be kept poor or they will never be industrious*". It was widely believed that without the fear of poverty people would not work and there would be no prosperity or civilisation.

19th Century: The able-bodied pauper and his family were denied their liberty, civil rights and basic human dignity order to compel behavioural change. Poverty was perceived to purely result from 'fraud, indolence and improvidence' and not from any structural factors such as the unavailability of work.

20th Century: Welfare State - Poverty mainly seen to be caused by structural factors e.g. unemployment, sickness, etc. Benefits and services to provide safety nets in the short term to alleviate poverty. Full employment for long term economic well-being.

21st Century: The concept of freedom from poverty and hunger as a human basic right. Sufficient resources to participate fully as a citizen

A Brief History of Poverty Research

Paupers incomes 1688-1812

	Population		Income			
	Families	People	Total Income £'000	Income per family £	Income of a poor family as a % of average income	
1688 – Englar	nd					
Cottagers and Paupers	400,000	1,300,000	1,950	5	16	
All People	1,360,586	5,500,520	43,506	32		
1803 – England and Wales						
Paupers	260,179	1,040,716	6,868	26	23	
All People	1,905,823	9,343,561	216,944	114		
1812 – Britain and Ireland						
Paupers	387,100	1,548,400	9,871	25	21	
All People	3,501,781	17,096,803	425,310	121		

Incomes and expenditure analyses of both the 'poor' and other groups in English society based on the analyses of tax records were first published by Gregory King in 1696 and 1697 in *Natural and Political Observations Upon the State and Conditions of England*

The State of the Poor 1797

In 1795, Sir Frederick Morton Eden undertook the first questionnaire survey (21 questions) of 181 English and Welsh Parishes. He collected information about population, housing, rent, taxes, prices, wages, food consumption, etc.

The results were published in 1797 in *The State of the Poor*; *Or, An History of the Labouring Classes in England, from the Conquest to the Present Period* – a 900 page history of the Poor Laws.

Morton Eden undertook this research because of:

`The difficulties, which the labouring classes experienced, from the high price of grain, and of provisions in general, as well as of cloathing (sic!) and fuel, during the years 1794 and 1795, induced me, from motives both of benevolence and personal curiosity, to investigate their conditions in various parts of the kingdom."

Karl Marx in *Capital* argued that Morton Eden was:

"the only disciple of Adam Smith throughout the eighteenth century that produced any work of importance"

Pauperism in England and Wales as indicated by the proportion to the whole population of the persons relieved in the Quarter ended Lady Day (1844)



Henry George: Progress and Poverty (1897)

Progress and Poverty: An Inquiry into the Cause of Industrial Depressions and of Increase of Want with Increase of Wealth: The Remedy

Probably the most widely read Social Science book in history with millions of copies sold around the world.

His ideas marked the start of the *Progressive Era* in the USA, the purpose of the book was to solve the riddle of why did poverty persist and grow in one of the wealthiest cities in the World at a time of rapid economic growth.

His answer was that as the economy grew so did the 'rent' on land/natural resources at a faster rate the increase in wages or growth of capital.

His remedy was a land value tax by which means he argued society could recapture the value of its common inheritance, raise wages, improve land use, and eliminate the need for other taxes.

Dadabhai Naoroji: Poverty and Un-British Rule in India (1901)

Dadabhai Naoroji was a founder of the Indian Congress Party and was elected as its president in 1886 and 1906, He was also the first British Indian MP (elected the Liberal MP for Finsbury Central in 1892)

He developed the 'Drain Theory' of colonial exploitation i.e. that British rule of Indian drained money and wealth from the country both directly (by paying for the costs of British rule) and indirectly (through free trade which resulted in highly paid jobs for foreign workers and the export of profits from India)

Pre-Industrial Inequality and Colonialism



Fig. 2. Pre-industrial Inequalities: Estimated Gini Coefficients, and the Inequality Possibility Frontiers

'Four estimated Ginis are equal to or slightly greater than the maximum possible Gini (IPF): Moghul India 1750 (an extraction ratio of 113%), Nueva Espana 1790 (an extraction ratio of 106%), and Kenya in 1927 and Maghreb in 1880 (an extraction ratio of almost exactly 100%). All four were colonies ruled by four different powers.' Milanovic et al (2010) Preindustrial Inequality, *The Economic Journal*, 121, 255–272

Charles Booth's Map of St George's Street 1898-1899



Charles Booth's Class Classification

- BLACK: Lowest class. Vicious, semi-criminal.
- DARK BLUE: Very poor, casual. Chronic want.
- LIGHT BLUE: Poor. 18s. to 21s. a week for a moderate family
- **PURPLE:** Mixed. Some comfortable others poor
- **PINK:** Fairly comfortable. Good ordinary earnings.
 - **RED**: Middle class. Well-to-do.
- **YELLOW**: Upper-middle and Upper classes. Wealthy.

A combination of colours - as dark blue or black, or pink and red - indicates that the street contains a fair proportion of each of the classes represented by the respective colours.

Booth: The Causes of Poverty

Booth expected to find that the primary causes of poverty were drunkenness and 'bad' behaviour (thriftlessness, loafing, etc.). He found to his surprise that the primary cause were low wages, irregular work and unemployment.

He tried to explain these findings away.

Analysis of Causes of "Great Poverty" (Classes A and B).

 Loafers	$ \begin{array}{r} 697 \\ 141 \\ 40 \\ 152 \\ 79 \\ 170 \\ 124 \\ 147 $	Per Cent.	60 878 231 441	Per Cent. 4 55 { Questions of employment 14 { Questions of habit 27 { Questions of circumstance
	-		1,610	100

Analysis of Causes of "Poverty" (Classes C and D).

2,466 100

The Ghost of Christmas Past – the persistence of area poverty



Seebohm Rowntree and Poverty in York - 1899



Slums in York, a 'typical provincial town', circa 1900. Seebohm Rowntree's influential work, *Poverty: A study of town life* (1901), measured, among other things, the cost of 'mere physical subsistence'. He produced measures of numbers in primary poverty (below this level) and in secondary poverty (above this level but living in 'squalor'), attempting to take a more scientific approach to the study of poverty.



Subsistence

The 'subsistence' idea, used by Beveridge (1942), was based on the minimum standards to maintain physical efficiency. It developed from the work of researchers such as Rowntree in his famous study of poverty in York at the turn of the century. Beveridge argued:

"In considering the minimum income needed by persons of working age for subsistence during interruptions of earnings, it is sufficient to take into account food, clothing, fuel, light and household sundries, and rent, though some margin must be allowed for inefficiency in spending."

A minimum basket of goods was costed, for emergency use over a short period of time, with 6% extra added for inefficiencies in spending patterns, in order to draw up the National Assistance rate.

Subsistence rates were designed to be an emergency level of income and never meant to keep a person out of poverty for any length of time. However, these rates became enshrined into the Social Security legislation.

History of Approaches to the Definition and Measurement of Poverty

- Subsistence Income of a household or family is "insufficient to obtain the minimum necessaries for the maintenance of merely physical efficiency" (Rowntree, 1901, p.86)
- **Basic needs** Income is insufficient for both subsistence and "essential services provided by and for the community at large, such as safe drinking water, sanitation, public transport and health, education and cultural facilities" (ILO, 1976, pp,24-25)
- **Relative deprivation** Income is "insufficient" to "obtain the conditions of life, that is, the diets, amenities, standards, and services, which allow people to play the roles, participate in the relationships, and follow the customary behaviour which is expected of them by virtue of their membership of society" (Townsend, 1993, p.36)

Child Poverty in the UK: 1961 to 2017/18



Change in Real Median Weekly Incomes 1979 to 1996 by Decile Group at April 1998 Prices (After Housing Costs)

Income Decile	1979	1996	Change
	£	£	%
Bottom 10%	81	71	-12
10-20%	104	106	+2
20-30%	121	132	+9
30-40%	139	164	+18
40-50%	157	200	+27
50-60%	177	236	+33
60-70%	199	277	+39
70-80%	227	327	+44
80-90%	263	402	+53
Top 10%	347	582	+68
Total Population (mean)	185	264	+43

(Source: Calculated from HBAI, 1998)

Child poverty targets



Figure 44: It seems quite possible that the 2004 child poverty target was met once benefit under-reporting is adjusted for

Number of children in relative poverty, before housing costs



also show adjusted targets.

Source: Resolution Foundation (2018) Living Standards Audit. London

UK Anti-poverty Policies – 1997 to 2010

The anti-poverty policies succeeded in significantly reducing both child poverty and pensioner poverty – they did not reduce inequality or poverty for other groups. Policies included:

- Increased spending on welfare benefits £18 billion on families with children, £11 billion on pensioners – including increases in income support and child and working tax credits
- 2) A minimum wage
- 3) Labour market activation policies which resulted in a small but significant increase in employment
- 4) Increased spending on health and education, including the expansion of higher education access
- 5) Early childhood programme Sure Start centres, financial support for child care
- 6) Area based policies Action Zones, New Deal for Communities focused on 39 poor areas.

The Financial Crisis and Austerity


http://www.guardian.co.uk/news/datablog/2009/mar/25/banking-g20

The Beginning of the Crisis? The Collapse of Lehman Brothers September 2008





The Scale of the Financial Rescue in the USA & UK

All GDP figures for 2007



SOURCE: US Treasury, UK Treasury, Bloomberg

The bank's profits were private but the losses belong to the public!

http://news.bbc.co.uk/2/hi/business/7893317.stm

UK Public Sector Debt as a Percentage of GDP: 1993 to 2015



'What happened was that banks promised growth, delivered losses, passed the costs onto the state and then the state got the blame for generating the crisis in the first place, which of course, must be paid for by expenditure cuts' Blyth (2013, p47) Austerity: The History of a Dangerous Idea. Oxford, Oxford University Press

GDP Changes During UK Recessions Over the Past Hundred Years



Source: NIESR <u>http://www.niesr.ac.uk/</u>

The Network Structure of Global Capitalism in 2007



Only 737 firms (mainly banks) have 80% of the control over the value of all Transnational Corporations (TNCs). The top ranked actors hold a control ten times bigger than what could be expected based on their wealth

Network analyses of 43,060 TNCs, taken from a sample of about 30 million businesses contained in the Orbis 2007 database resulted in 1,006,987 ownership ties. Vitali et al (2011) *The network of global corporate control*

The Cause of Current Inequality – Taking a Longer View

There are many newspaper articles which discuss the causes of the global financial crisis and current levels of inequality in terms of Credit Default Swaps, Sub-prime Mortgages, Exotic Financial Derivatives, etc. – but these are symptoms not 'real' causes.

The longer view

The 1960s & 1970s were times of prosperity for working people in many 'rich' countries and 'labour/workers' received an increasing share of the national wealth – labour was a scarce resource in many rich countries.

In the 1980's and 1990's 'real' wages were static or even fell and labour's share of the national wealth declined. The labour scarcity 'problem' was solved by, increased immigration, off-shoring, technical change (ICT, containerisation) and anti-labour laws (e.g. Regan, Thatcher, Pinochet).

The decline in the relative wealth of labour presented a problem for the economy – how could people keep spending to buy the new products? The answer was financial deregulation resulting in a huge increase in household debt i.e. households maintained high spending by borrowing money. Securitisation resulted in people with almost no income being able to borrow!

The rich became relatively richer and invested their money in assets resulting in speculative bubbles e.g. dotcom, property, commodities (oil, food, etc.)

This financial system collapsed in 2008 – but continues to limp along

Average Labour Share of National Income in OECD Countries



(Ratio of labour income to national income)

Source: Guscina (2006) – The share of GDP going to Labour is just over 50% of GDP in the OECD countries and parts of Asia, around 40% in Latin America, the Middle East and North Africa, and approximately 30% in sub-Saharan Africa (Diwan, 2001)

Poverty: Key Messages from Research

Poverty is not a Behaviour

Since the work of Charles Booth (1902-03), Seebohm Rowntree (1901) and their Victorian and Edwardian contemporaries (e.g. Webb & Webb, 1909) repeated studies have shown that the primary cause of poverty is not the 'bad' behaviour of the poor.

Poverty in the UK is primarily caused by structural factors, such as low wages, a lack of jobs, the lack of state provision to adequately compensate those engaged in unpaid work – particularly caring work, etc. Despite intensive research by often highly partisan researchers, as far as I am aware there are no credible scientific studies which show that any significant group of people are poor as a result of indolent, feckless, skiving or criminal behaviour.

Primary Causes of Child Poverty in China

Table 5.22 Stepwise Cox Regression Analysis results for the most significant variables that cause poverty and deprivation during childhood in the CHNS data

Risk Factors	Haz. Ratio	Standard error	P- value	95%CI
Parents' work units	2.5	0.4	***	(1.8,3.5)
Hukou	2.2	0.3	***	(1.6,2.9)
Single-parent family	2.1	0.7	**	(1.1, 4.3)
Ethnic minority	2.0	0.2	***	(1.6,2.4)
Parents' Occupation	1.8	0.5	*	(1.0,3.2)
Parents' Educations	1.5	0.2	**	(1.2,2.0)
Number of Children	1.4	0.1	***	(1.2,1.6)

Note: p<0.01*** p<0.05** p<0.1*

Source: Di Qi (2014) Child Poverty in China. PhD Thesis, University of Bristol

Poverty is not a Disease

Poverty is not like syphilis a curse across the generations, you cannot catch poverty from your parents nor pass it onto your friends, relatives or children. Research has shown that poor adults and children in the UK do not have a 'culture of poverty' and tend to have similar aspirations to the rest of the population (Lupton, 2003; Shildrick et al, 2012).

The UK welfare state is reasonably effective and there is virtually no one who is born into poverty, grows up living in poverty and remains poor for their entire lives. There are also virtually no families where members have not been in any paid employment over two or more generations.

For example, Shildrick *et al* (2012) found that "*Despite dogged searching in localities with high rates of worklessness across decades we were unable to locate any families in which there were three generations in which no-one had ever worked.*" Poor children are of course more likely, than their richer peers, to become poor adults but this is largely due to structural reasons rather than any 'cycle of poverty' or 'transmission' of poverty (Townsend, 1974; Scoon et al, 2012)

The Underclass is a Persistent Myth

The fruitless search for the underclass is the *Hunting of the Snark* of UK social science research. Over a 100 years of searching has failed to discover any significant group which could be identified as an underclass. The name attributed to this group has changed over time from the Victorian residuum, the unemployables of the Edwardian era, the Social Problem Groups of the 1930's depression era, the Problem Families of the 1940s, the culture of poverty and cycle of deprivation of the 1960s and 70s, the underclass of the 1980s and 1990s to the Troubled Families of the present day (Blacker, 1937, 1952; Welshman, 2013). More research monies and effort have probably been wasted searching for the underclass than in any other area of UK Social Science research.

However, no British study has ever found anything but a small number of individuals whose poverty could be ascribed to fecklessness or a 'culture/genetics of poverty/dependency' (Gordon and Pantazis, 1997).

Troubled Families: the Results

- The Prime Minister set an ambition to turn around the lives of 120,000 troubled families by May 2015.
- By end May 2015, 116,654 claims had been made for families that had been turned around (i.e demonstrated improved school attendance, and reduced anti-social behaviour and youth offending <u>or</u> an adult moving off benefits and into work)



However the evaluation of the £448 million Phase One Troubled Families Programme found

"The key finding from the analysis of administrative data is that across a wide range of outcomes, covering the key objectives of the programme - employment, benefit receipt, school attendance, safeguarding and child welfare - we were unable to find consistent evidence that the Troubled Families Programme had any significant or systematic impact.... the separate analysis using survey data, which also found no significant or systemic impact on outcomes related to employment, job seeking, school attendance, or anti-social behaviour"

Day et al (2016) National Evaluation of the Troubled Families Programme: Final Synthesis Report. London, DCLG. <u>https://www.gov.uk/government/publications/national-evaluation-of-the-first-troubled-families-programme</u>

Phase Two was launched in 2015, with £920 million allocated to help an additional 400,000 families – until 2020

Redistribution is the only Solution to Child Poverty

The economics are very simple and are entirely concerned with redistribution – where sufficient resources are redistributed from adults to children there is no child poverty; where insufficient resources are redistributed from adults to children child poverty is inevitable (Gordon, 2004).

Children cannot and should not do paid work to generate the resources they need to escape from poverty. This is the job of adults – numerous laws since the 1833 Factory Act have restricted and prevented child labour in the UK. Children should be spending their time playing and learning not working at paid labour (Gordon and Nandy, 2016).

Child Poverty Strategy in Wales

- 1. Increasing the income of poor families with children.
- 2. Ensure that, as far as possible, children living in low income families are not materially deprived.
- 3. Promote and facilitate paid employment for parents in low-income families.
- 4. Provide low-income parents with the skills needed to secure employment.
- 5. Help young people take advantage of employment opportunities.
- 6. Support the parenting of children.
- 7. Reduce inequalities in educational attainment between children and young people.
- 8. Help young people participate effectively in education and training.
- 9. Reduce inequalities in health between children and between their parents, so far as necessary, to ensure children's well-being.
- 10. Reduce inequalities in participation in cultural, sporting and leisure activities between children and between children's parents, so far as necessary, to ensure children's well-being.
- 11. Help young people participate effectively and responsibly in the life of their community.
- 12. Ensure that all children grow up in decent housing.
- 13. Ensure that all children grow up in safe and cohesive communities.

The Laws of Nature



If the misery of our poor be caused not by the laws of nature, but by our institutions, great is our sin.

– Charles Darwin, 1845