



Relative Deprivation Theory

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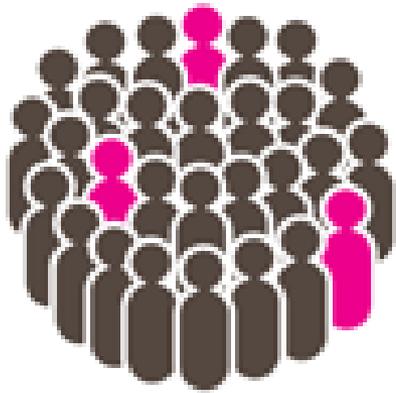
UNIVERSITY OF BRISTOL

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Poverty Research



SECOND UNITED NATIONS DECADE FOR THE
eradication of poverty
(2008 – 2017)

Web Site <http://www.bristol.ac.uk/poverty>



PSE **UK**

Web Site <http://www.poverty.ac.uk>

Peter Townsend and the Paradigm Shift in Poverty Measurement



One of the many seminal contributions Peter Townsend made to science was a paradigm shift in poverty measurement methodology in the 1968/69 Poverty in the United Kingdom Survey.

The Most Famous Paragraph Written About Poverty by an Academic?

Peter Townsend's concept of relative deprivation

Townsend argues that poverty can only be measured:

*“objectively and applied consistently only in terms of the concept of relative deprivation..... The term is understood objectively rather than subjectively. 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, or at least widely encouraged or approved, in the society to which they belong” (1979, p 31)*

Townsend's Scientific Definitions of Poverty

Poverty can be defined as;

Command over insufficient resources over time

The result of poverty is *deprivation*

Universal Needs and Relative Deprivation Measurement of Poverty

The key ideas

Poverty is a sociological phenomena which can only be meaningfully measured relative to the society to which a person/household belongs.

There are certain universal needs that people require/ think of as necessities in ALL societies e.g. food, clothing, shelter/housing, health care/medicine, children's education, leisure activities, social activities/obligations/participation such as present giving and marking major life events such as births, deaths, weddings, etc.

The exact way these universal needs are met varies from society to society but the needs remain universal

Absolute Vs Relative: Sen Vs Townsend

Sen (1983) argued that;

“There is ... an irreducible absolutist core in the idea of poverty. If there is starvation and hunger then, no matter what the relative picture looks like - there clearly is poverty.”

Examples of this absolutist core are the need

‘to meet nutritional requirements, to escape avoidable disease, to be sheltered, to be clothed, to be able to travel, to be educated ... to live without shame.’

Townsend (1985) responded that this absolutist core is itself relative to society. Nutritional requirements are dependent on the work roles of people at different points of history and in different cultures. Avoidable disease is dependent upon the level of medical technology. The idea of shelter is relative not just to climate but also to what society uses shelter for. Shelter includes notions of privacy, space to cook, work and play and highly-cultured notions of warmth, humidity and segregation of particular members of the family as well as different functions of sleep, cooking, washing and excretion

Sen Vs Townsend Part II

Sen (1985) responded that:

“the characteristic feature of absoluteness is neither constancy over time nor invariance between societies nor concentration on food and nutrition. It is an approach to judging a person's deprivation in absolute terms (in the case of a poverty study, in terms of certain specified minimum absolute levels), rather than in purely relative terms vis à vis the levels enjoyed by others in society. But on the space of the capabilities themselves – the direct constituent of the standard of living – escape from poverty has an absolute requirement, to wit, avoidance of this type of shame. Not so much having equal shame as others, but just not being ashamed, absolutely.

If we view the problem of conceptualising poverty in this light, then there is no conflict between the irreducible absolutist element in the notion of poverty (related to capabilities and the standard of living) and the “thoroughgoing relativity” to which Peter Townsend refers, if the latter is interpreted as applying to commodities and resources.”

Capability and Poverty: The non-sociological problem

Sen's semantic argument is that poverty is absolute in terms of capabilities but relative in terms of commodities, resources and incomes.

A fundamental problem with this argument is that it is non-sociological, it assumes that a person's capabilities and functionings (i.e. what they can do) can be determined and interpreted independently of the society in which they live.

It is hard to understand what Sen means when he argues that, in order to not be poor, there is an absolute requirement to have the capability not to be ashamed, that to be equally ashamed as the rest of the people in your society would be insufficient to avoid poverty.

This argument by Sen appears to have no real meaning! People feel ashamed because they are unable to meet their social obligations or perceive themselves to have broken the rules of their culture/society i.e. the concept of shame has no meaning independent of a person's relationships and interactions with others.

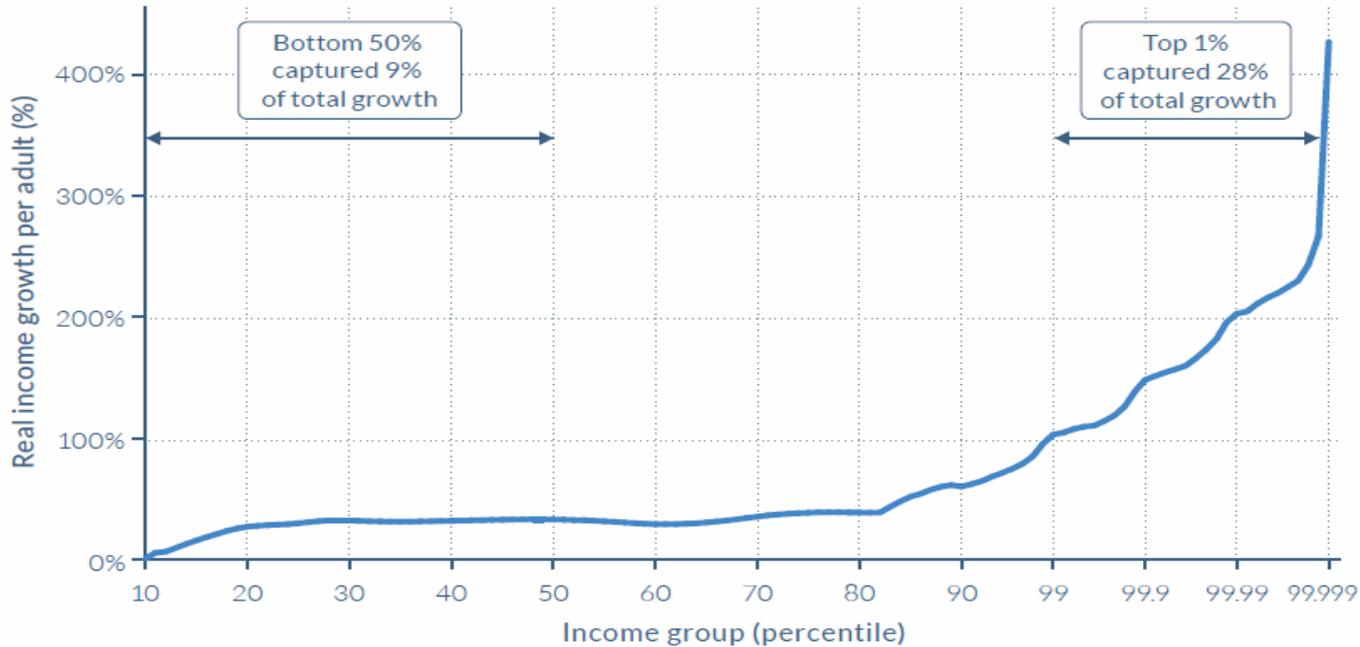
Poverty and Riches

- Cannot explain poverty in isolation of the distribution of all resources in society.
- There can be no understanding of poverty in a society without studying the rich.
- Townsend continually emphasised that poverty was fundamentally 'a problem of riches' and argued for profound changes in the structures of power and privilege:

" The institutions which create or disadvantage the poor at the same time as they create or advantage the rich are institutions which have to be reconstructed " (1988:59).

World Inequality Report 2018

Total income growth by percentile in US-Canada and Western Europe, 1980–2016



The richest 1% continue to own more wealth than the whole of the rest of humanity

Credit Suisse. (2017). *Global Wealth Databook 2017*

The wealth of the world's billionaires increased by \$900bn in the last year alone, or \$2.5bn a day. Meanwhile the wealth of the poorest half of humanity, 3.8 billion people, fell by 11%

Lawson et al (2019) *Reward Work Not Wealth*. London: Oxfam

If current trends continue then the richest 1% will own 64% of the worlds wealth by 2030

Estimated distribution of global wealth under different scenarios, 2017-2030

	Wealthiest 1%	Least wealthy 99%
Share of total wealth in 2017	50%	50%
<i>Total wealth, annual rate of increase 2000-17</i>	6%	5%
<i>Total wealth, annual rate of increase 2008-17</i>	6%	3%
Share of total wealth in 2030		
Assuming total wealth grows at 2000-17 annual rate	54%	46%
Assuming total wealth grows at 2008-17 annual rate	64%	36%

Note: the composition of each group will change from year to year. Someone who is in the wealthiest 1% in one year may be in the least wealthy 99% in the next.

Source: Estimates based on wealth data for 2000-2017 published in Credit Suisse, *Global Wealth Report 2017* and *Global Wealth Databook 2017*

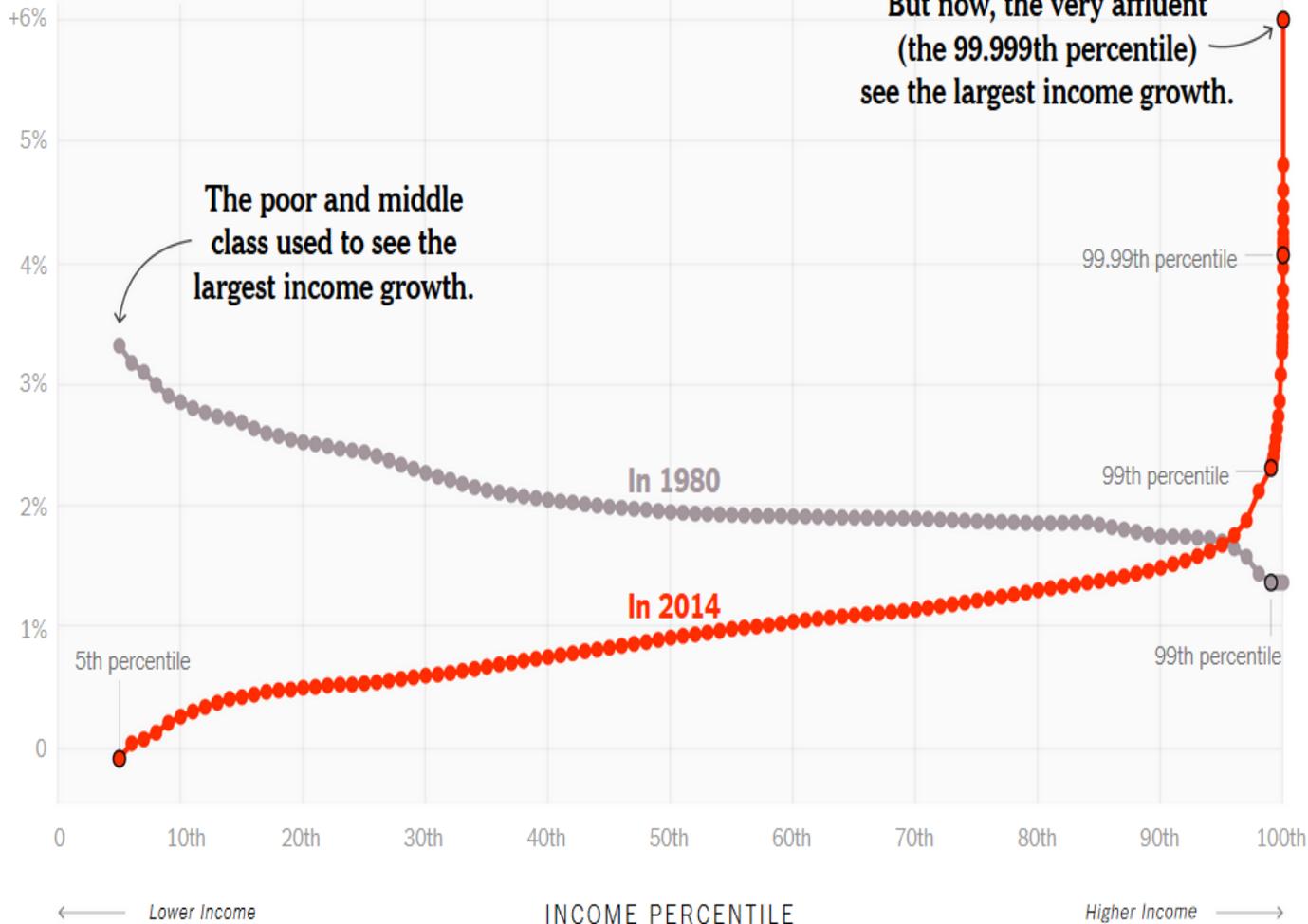
Source: UK House of Commons Library Research: Inclusive Growth, April 2018
<https://www.inclusivegrowth.co.uk/house-commons-library-research/>

Changes in the distribution of income growth in the

USA: 1980 & 2014

INCOME GROWTH

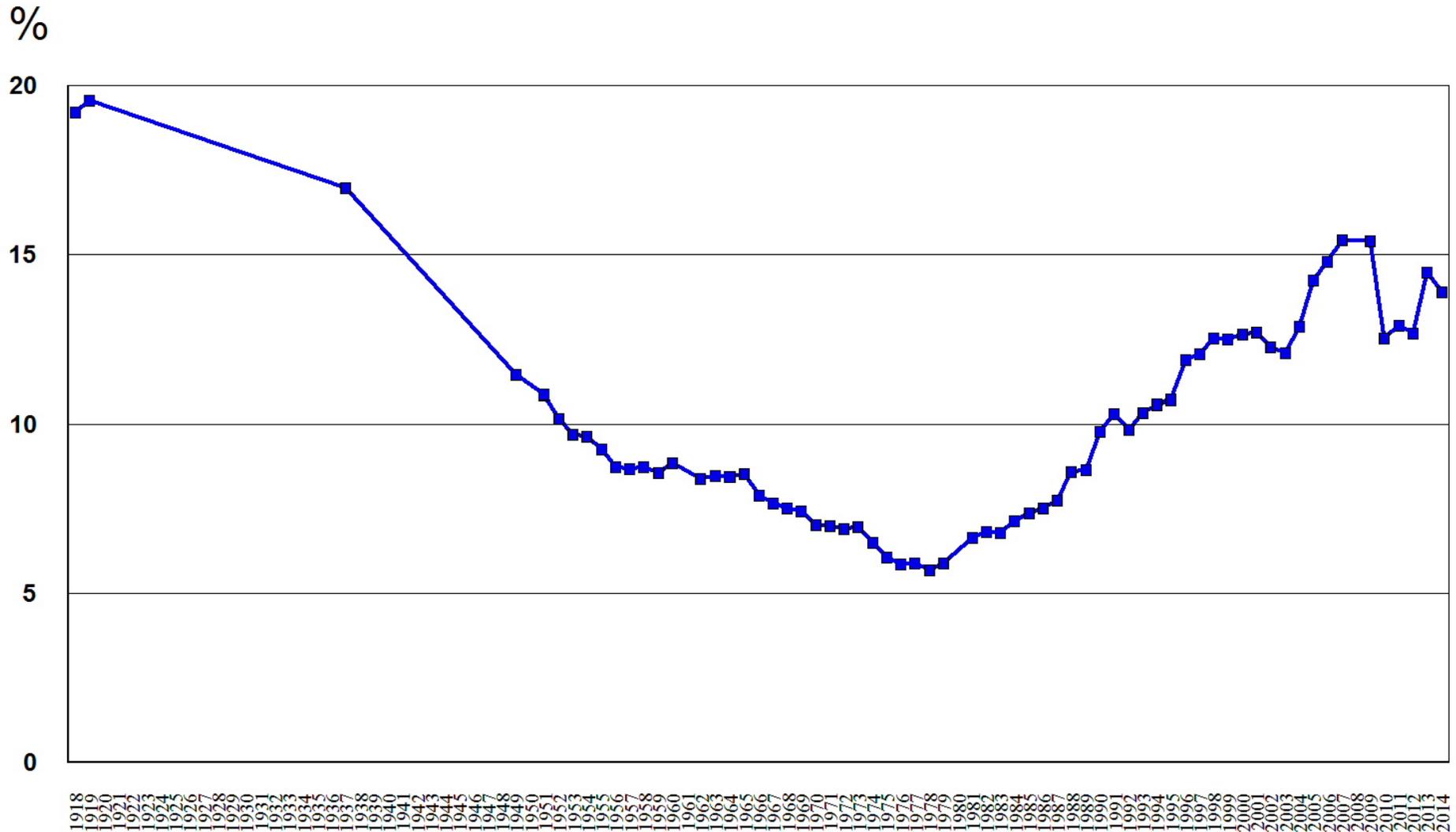
Over previous 34 years



Note: Inflation-adjusted annual average growth using post-tax income.

Source: New York Times graphic – data from Piketty et al (2016) DISTRIBUTIONAL NATIONAL ACCOUNTS: METHODS AND ESTIMATES FOR THE UNITED STATES. NBER Working Paper 22945 <http://www.nber.org/papers/w22945>

Top 1% Share of UK Income: 1918-2014

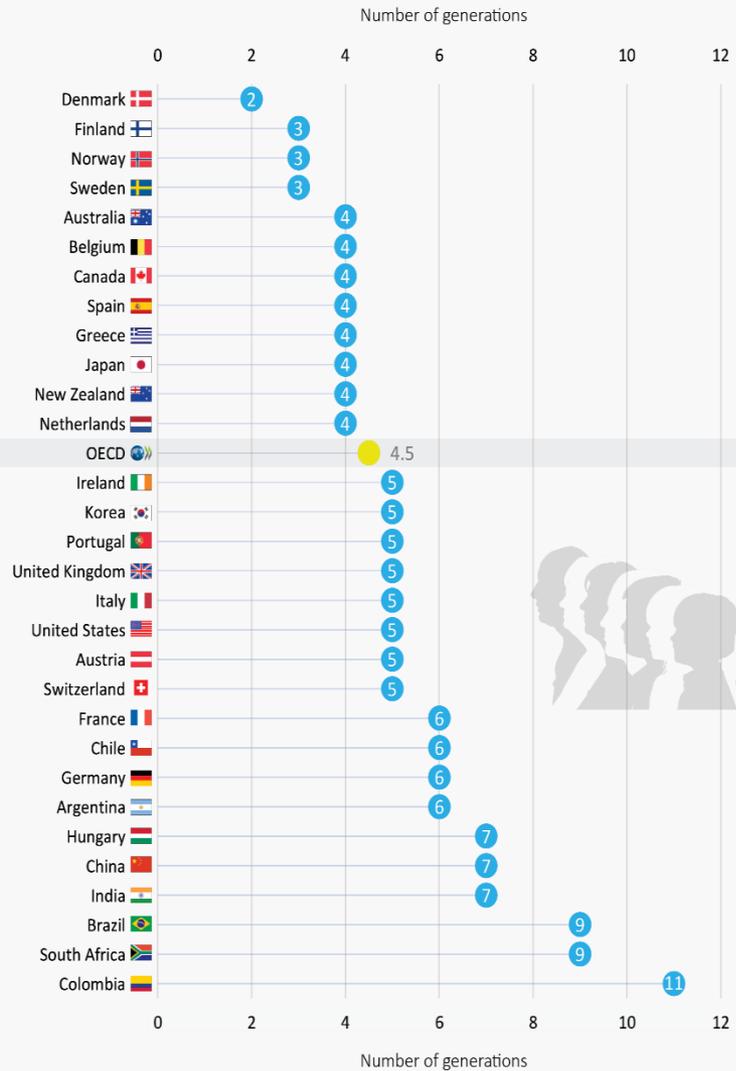


Source: The World Top Incomes Database & Atkinson (2016)



Income mobility across generations

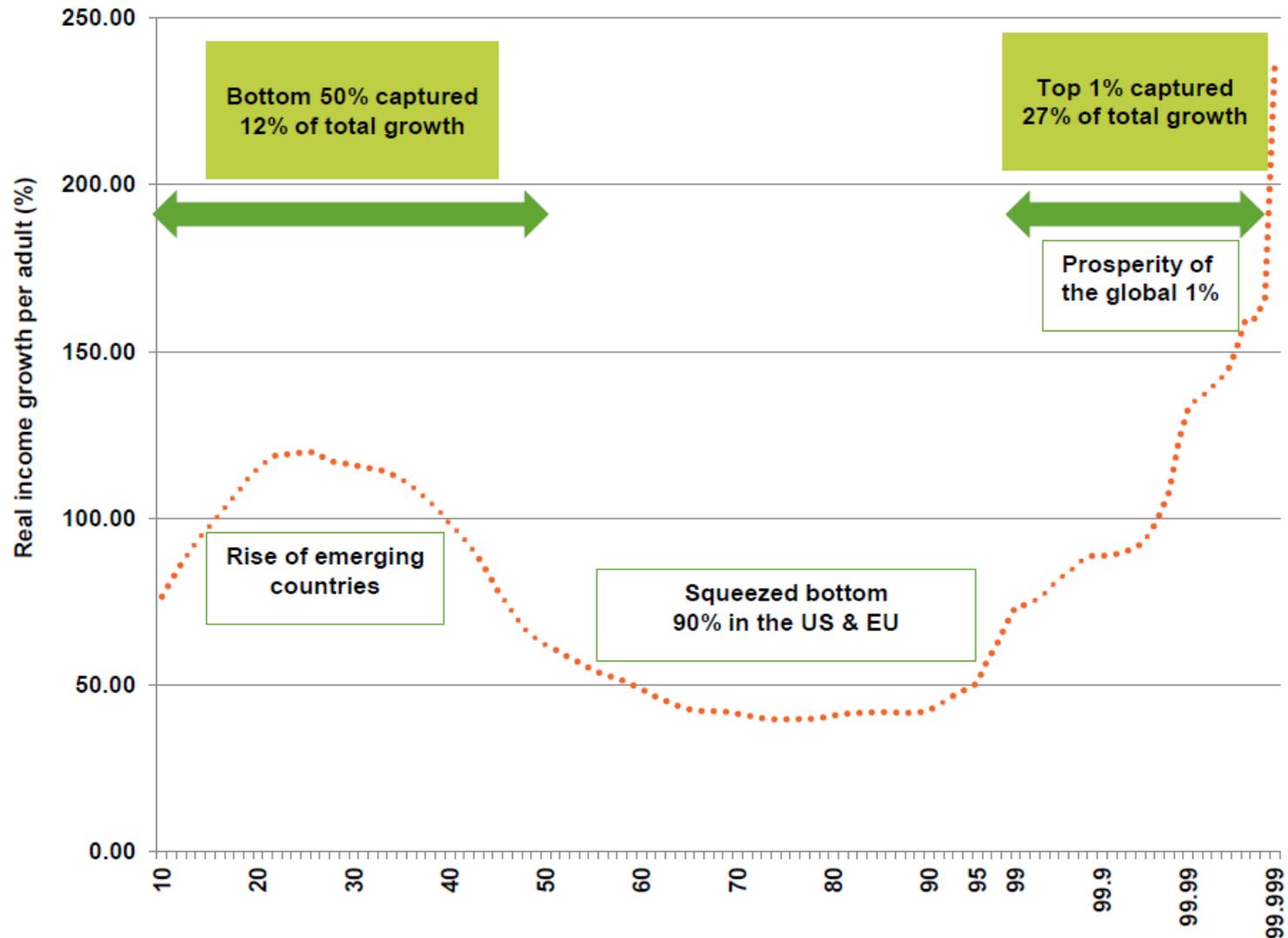
Number of generations it would take for those born in low-income families to approach the mean income in their society



Note: Low-income families refer to the bottom 10% of the income distribution, OECD average based on 24 member countries.

Source: OECD: A Broken Social Elevator? How to promote Social Mobility, Figure 1.5
URL: oe.cd/social-mobility-2018

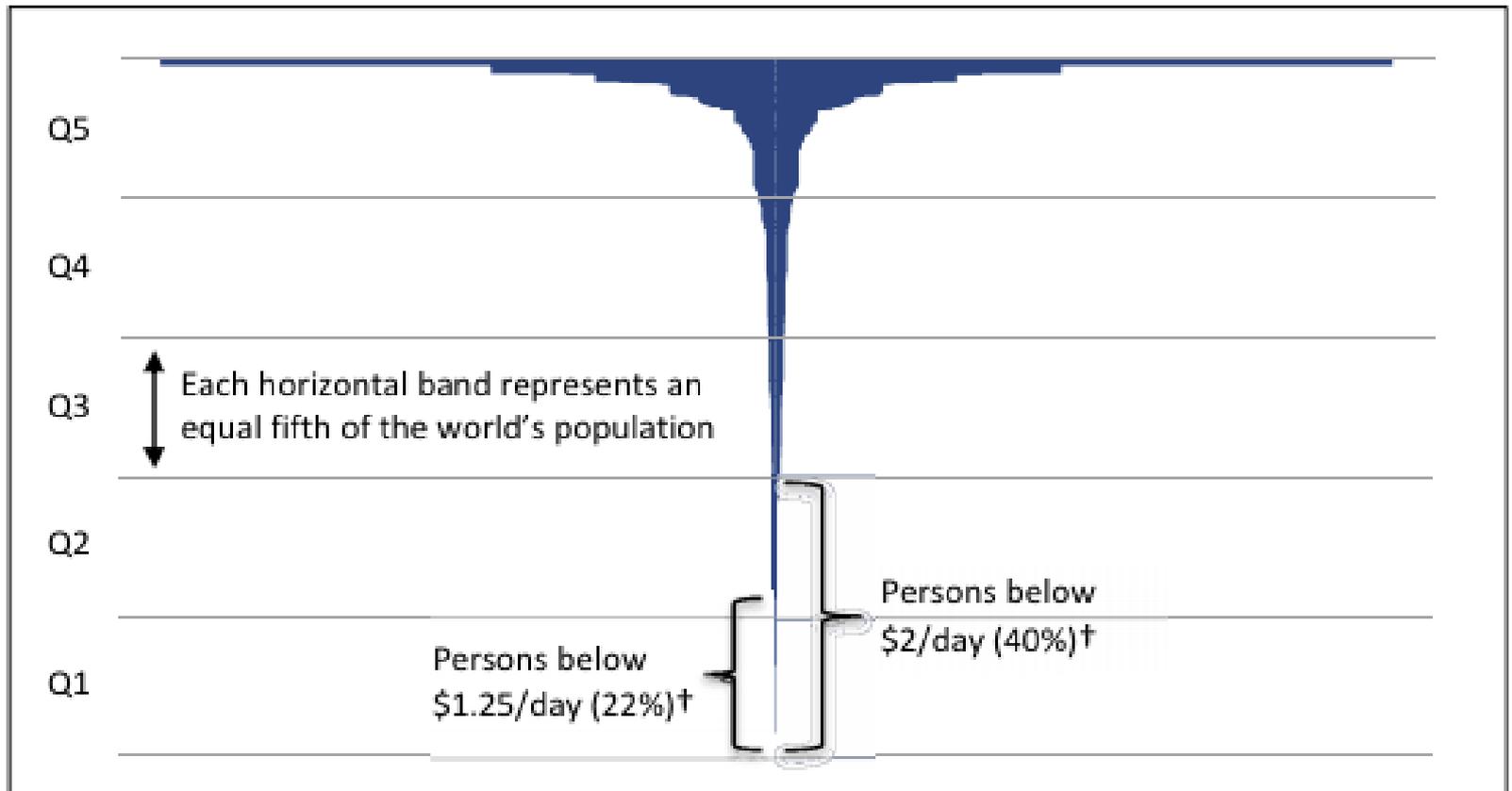
Global Real Income Growth per Adult by Percentile: 1980 to 2016



Source: Made by authors using F. Alvaredo, L. Chancel, T. Piketty, E. Saez and G. Zucman. (2017). *The World Inequality Report 2018*. World Inequality Lab. data available from <http://wir2018.wid.world/>.

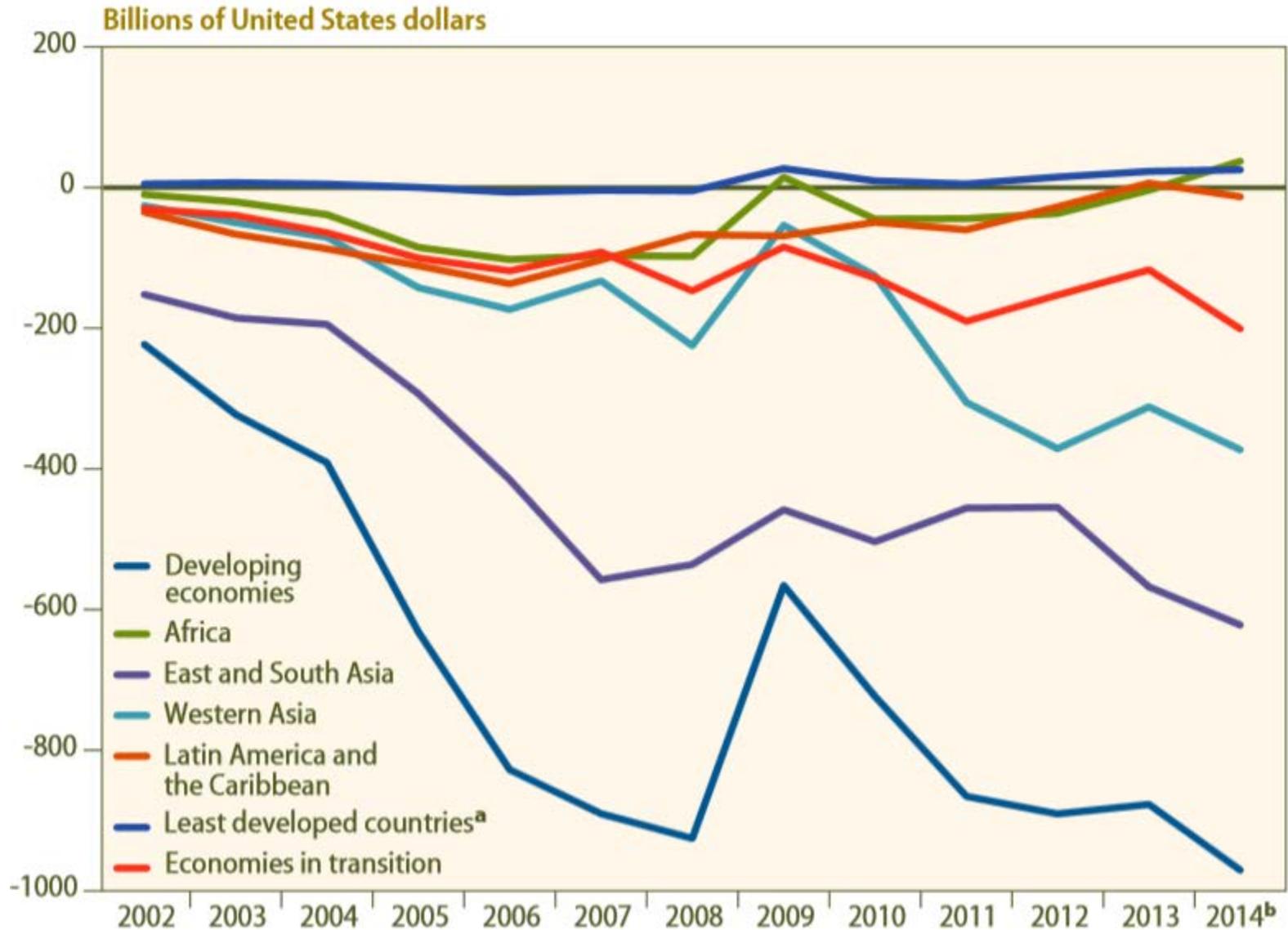
The World is Very Unequal

Figure 7. Global Income Distributed by Percentiles of the Population in 2007 (or latest available) in PPP constant 2005 international dollars*



Source: Ortiz & Cummings (2011) *Global Inequality: Beyond the Bottom Billion*. UNICEF

Net outflows of money from 'poor' to 'rich' countries increased rapidly during the 21st Century



Poverty in the UK

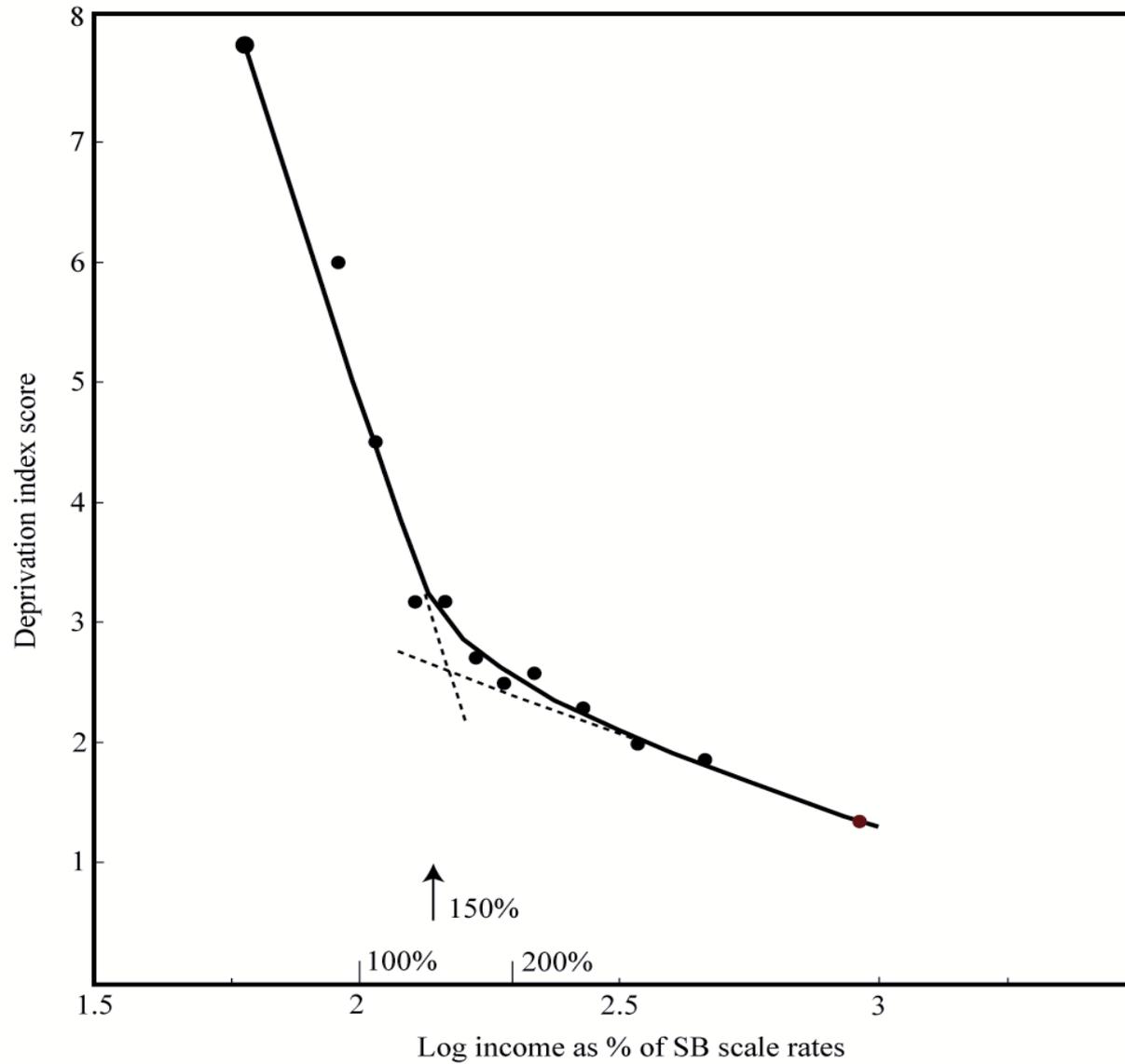
The 1968/69 *Poverty in the UK* project and survey launched a major 50 year research programme. Every decade since the late 1960s, UK social scientists have attempted to carry out an independent poverty survey to test out new ideas and incorporate current state of the art methods into UK poverty research.

- 1968-69 *Poverty in the UK* survey (Peter Townsend et al, 1979),
- 1983 *Poor Britain* survey (Mack & Lansley, 1985)
- 1990 *Breadline Britain* survey (Gordon & Pantazis, 1997)
- 1999 *Poverty and Social Exclusion Survey* (Gordon et al, 2000) and its 2002 counterpart in Northern Ireland (Hillyard et al, 2003)
- 2012 *Poverty and Social Exclusion in the UK* (Gordon et al, 2013)

Townsend's Deprivation Indicators, 1968-9

Indicators	% of lacking
Has not had a cooked breakfast most days of the week	67
Did not have a party on the last birthday (under 15 only)	57
Has not had a week's holiday away from home in last 12 months	54
Had not had an afternoon/evening out for entertainment in last 2 weeks	47
Had not been out in the last 4 weeks to a relative or friend for a snack or meal (adults only)	45
Household does not have a refrigerator	45
Had not had a friend to play or a friend to tea in the last 4 weeks (under 15 only)	36
Has not had a relative or friend to the home for a meal or snack in the last 4 weeks (adults only)	33
Household does not usually give a Sunday roast (3 in 4 times)	26
Household does not have sole use of 4 amenities indoors (WC, sink, bath/shower, cooker)	21
Does not have fresh meat (including meals out) at least four days a week	19
Has gone through one or more days in the past fortnight without cooked meal	7

Modal Deprivation by Logarithm of Income as a Percentage of Supplementary Benefit Scale Rates (Townsend, 1979)



Critiques of Townsend's Poverty in the UK survey methodology

Piachaud (1981, 1987) raised three main objections;

- I. the indicators used—does having a cooked breakfast, for example, indicate choices or constraints?;
- II. The existence of a threshold—is there a marked change in deprivation below a certain level or is there a continuum ?;
- III. the attainability of the goal of an objective, scientific measurement of poverty

Ashton (1984) and more recently McKay (2004) argues that deprived people may just have different consumption preferences to the majority of the population e.g. prefer to buy an “*expensive hi-fi stereo unit*” rather than have “*carpets in the living room and bedroom*”.

Research over the past 50 years has provided robust answers to all these criticisms.

The Eye of the Beholder

For deciding who is poor, prayers are more relevant than calculation, because poverty, like beauty, lies in the eye of the beholder.[..]

Poverty is a value judgement; it is not something that one can verify or demonstrate” (Orshansky, 1969, p37).

“if it is not possible to state unequivocally ‘how much is enough’, it should be possible to assert with confidence how much, on average, is too little” (Orshansky, 1965, p17).

Critiques of Townsend's PiUK Methods – Research Findings

- i) **Choice Vs constraint:** Mack & Lansley's (1983) Consensual Deprivation methodology allowed choice to be separated from constraint

- ii) **No threshold:** Use of the General Linear Model and Monte Carlo Simulation has shown the conditions under which a 'Townsend' break of slope threshold will exist. It will be present except under unusual circumstances. Item Response Theory has shown why the threshold will be present.

- iii) **Scientific measurement** - Scientific measurement is not a claim of truth but a claim of methodology i.e. you can make a scientific measurement that is wrong/incorrect. Advances during the 20th Century in the philosophy of measurement (e.g. Representational Theory of Measurement (RTM)) and the practice of measurement (e.g. Classical Test Theory, Item Response Theory) have shown that Townsend's relative deprivation theory and PiUK methodology can produce a robust, repeatable, reliable and valid measurement of deprivation.

- iv) **Unusual preferences:** Reliability results have shown that the critiques of Ashton and McKay are simply incorrect i.e. people/households with high deprivation index scores are overwhelmingly deprived rather than consumers with unusual/non-standard consumption preferences.

Scientific Measurement

There are a number of widely held but incorrect beliefs about science, for example:

Science is objective.

Scientific knowledge is reliable knowledge because it is objectively proven knowledge.

Scientific theories are derived from observation of the facts or by objective experimentation.

Personal opinion and speculation play no part in science.

None of these statements is true: the idea that scientific theories are based on the study of objective facts is critically flawed. The 'inductive' idea of science, that correct theories will somehow 'bubble' to the surface once enough pure facts have been generated and sifted, is untenable.

Scientific Theories

Neither scientific theories nor scientific measurement are 'objectively true'. However, for a theory to be scientific, it must not only be logically internally consistent but also fulfil a number of strict criteria.

1. The theory must be falsifiable, e.g. it must be capable of being shown to be untrue. The existence of a Loving God and Freudian psychology are unfalsifiable theories and therefore unscientific.
2. The theory must be testable.
3. The theory must have predictive value.
4. The results of the theory must be reproducible. Other people using the same methods will reach the same results.

These criteria are known to philosophers as the Falsificationist View of science and are attributable to the work of Karl Popper (1968, 1972). They contain the idea of a logical asymmetry that a theory can never be proved only falsified. This work has been extended by Imre Lakatos (1974), who claimed that scientific research programmes must also:

1. Possess a degree of coherence that involves the mapping out of a definite programme for future research.
2. Lead to the discovery of novel phenomena, at least occasionally.

Does Relative Deprivation Theory meet the required criteria of science?

1. The relative theory of poverty can be falsified. If a survey finds that there are no people/households whose resources are so low that they are excluded from the ordinary living patterns, customs and activities of their culture, then no poverty exists. For example, it has been argued that traditional Amish and Kibbutz societies had no poverty as resources were shared and no-one was excluded.
2. Surveys, such as the Poverty & Social Exclusion studies, have provided tests of the relative poverty theory.
3. Numerous predictions are made by the relative poverty theory. For example, the 'poor' will experience a disproportionate 'fear of crime' (relative to their experience of crime) because of the greater consequences of crime for the 'poor'.
4. Several deprivation surveys have produced similar results, both in the UK and in other countries. Conclusions based on the relative poverty theory have been shown to be reproducible.
5. Since Townsend's (1979) initial work, extensive research on relative poverty has been carried out by many researchers in several countries. This research has extended and developed the concepts and findings of the relative poverty model.

Definition of poverty



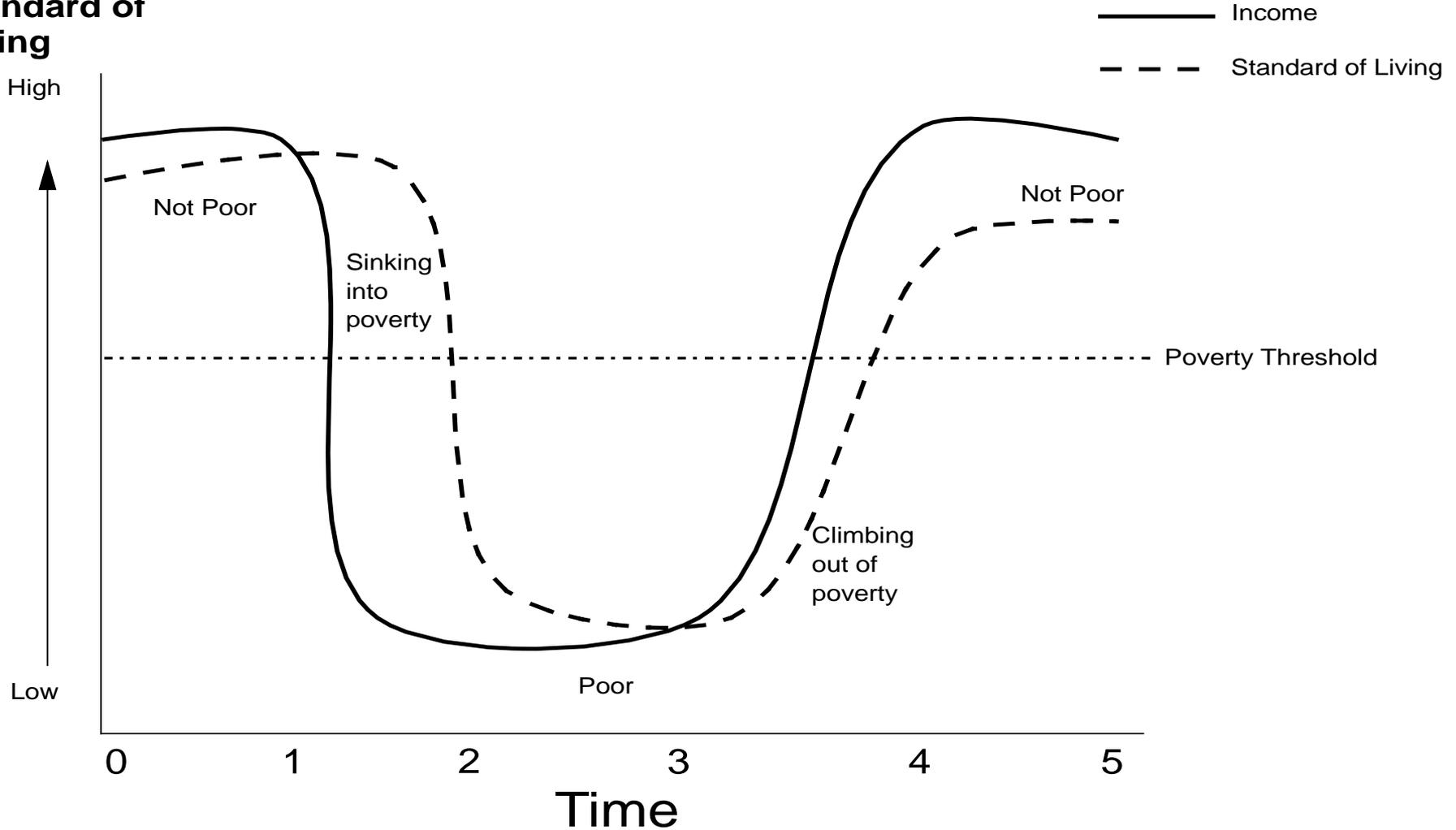
Peter Townsend's concept of dynamic poverty

“poverty is a dynamic, not a static concept... Our general theory, then, should be that individuals and families whose resources over time fall seriously short of the resources commanded by the average individual or family in the community in which they live . . . are in poverty.”

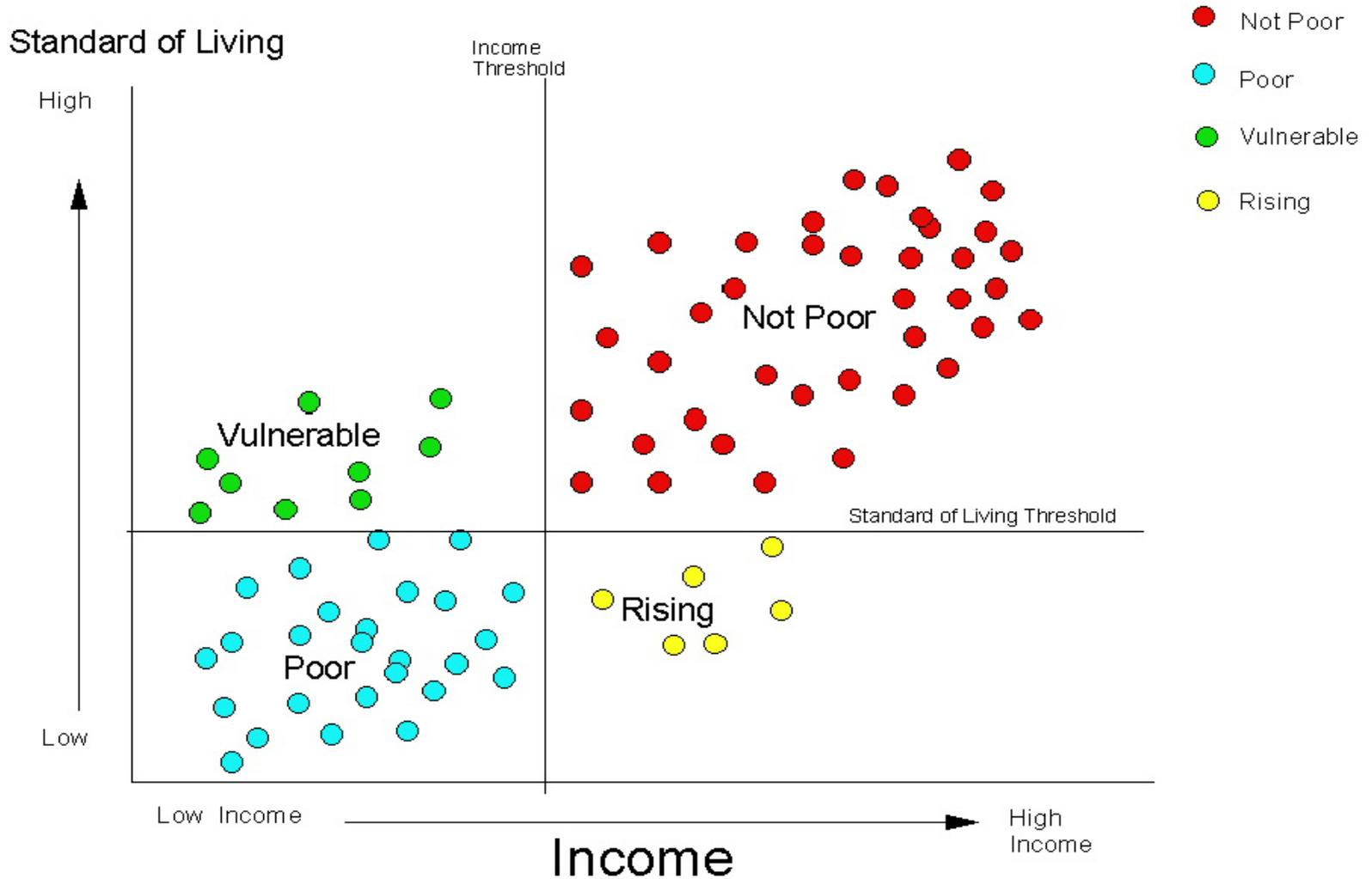
Townsend (1962, p 219)

Theoretical model of the dynamics of poverty in rich societies

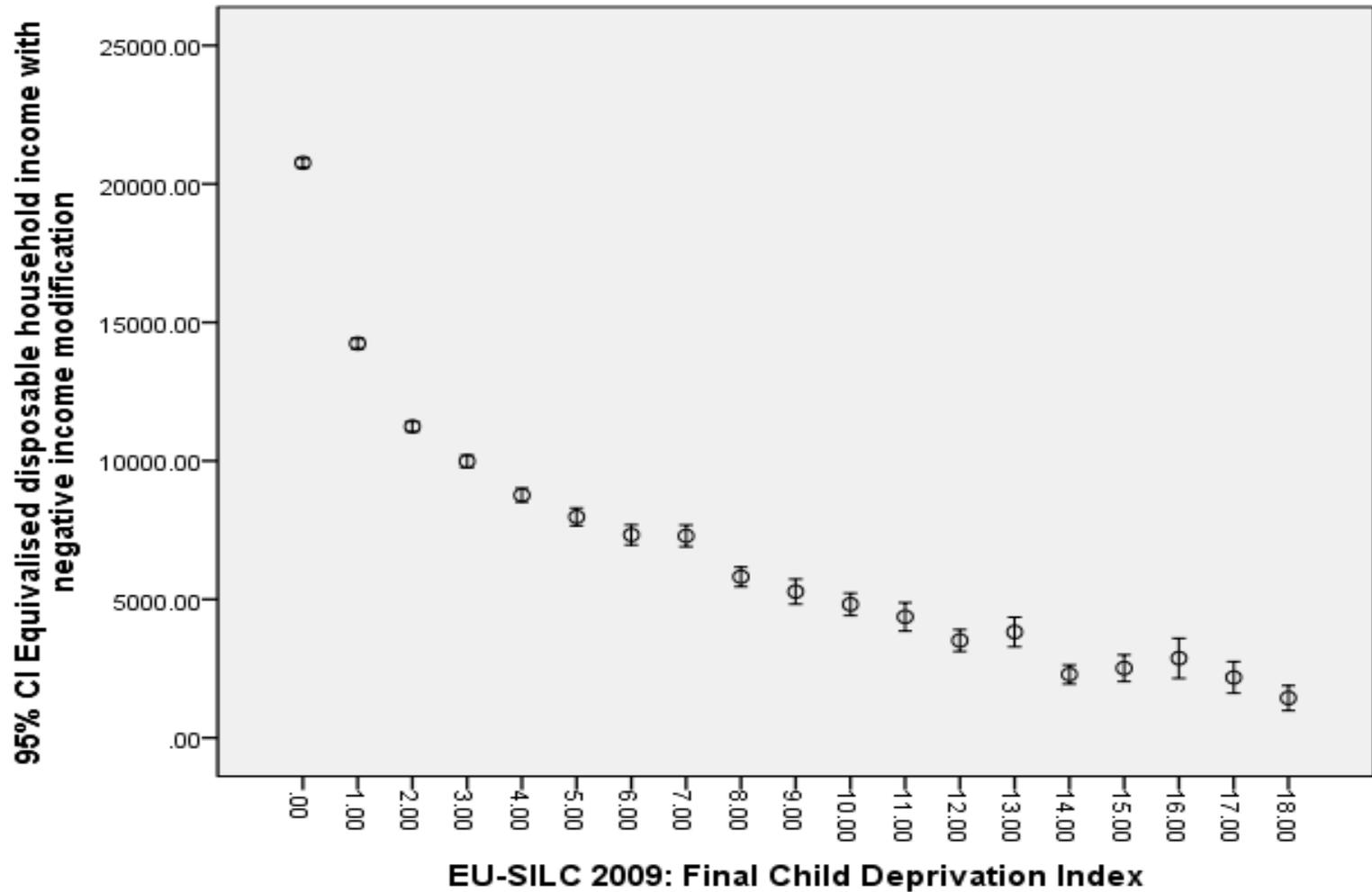
**Income and
Standard of
Living**



Poverty Groups

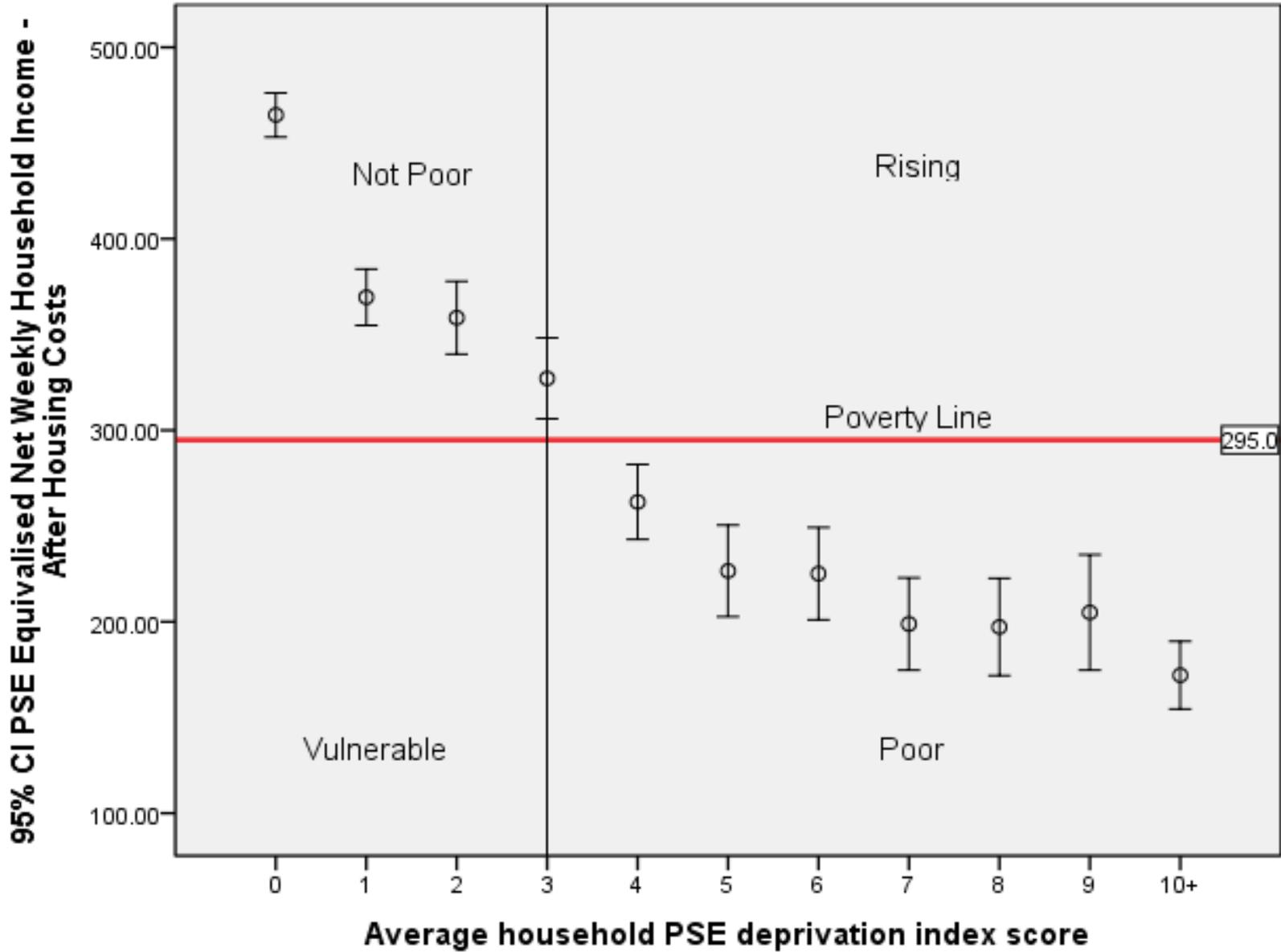


95% confidence interval equivalised disposable income, by child deprivation level, EU-27



Cases weighted by Rescaled household weight for EU analyses (DB090)

Error Bar Plot of Average Household Deprivation by PSE Equivalised Income (AHC)



Cases weighted by normalised UK household weight - use this weight for household data

Using Multidimensional Poverty Measures to Make Better Policy

Example of MEXICO

Mexico: Multidimensional Poverty by Law

General Law of Social Development (LGDS): Article 36 – – this legislation was passed unanimously in January 2004 – It requires that an official Multidimensional Poverty Measure must be produced which includes at least the following eight dimensions;

1. Per capita current income
2. Average gap between compulsory education and actual education at the household level (educational gap)
3. Access to Health Services
4. Access to Social Security
5. Dwelling characteristics, space and quality
6. Access to basic dwelling related services (water, sewerage, electricity, etc)
7. Access to food
8. Level of social cohesion

Rights to social development

"..to guarantee the full exercise of the social rights set forth in the Political Constitution of the United Mexican States, ensuring access to social development to the population as a whole "



- The Law was **approved unanimously** by the Chambers of Deputies and Senators

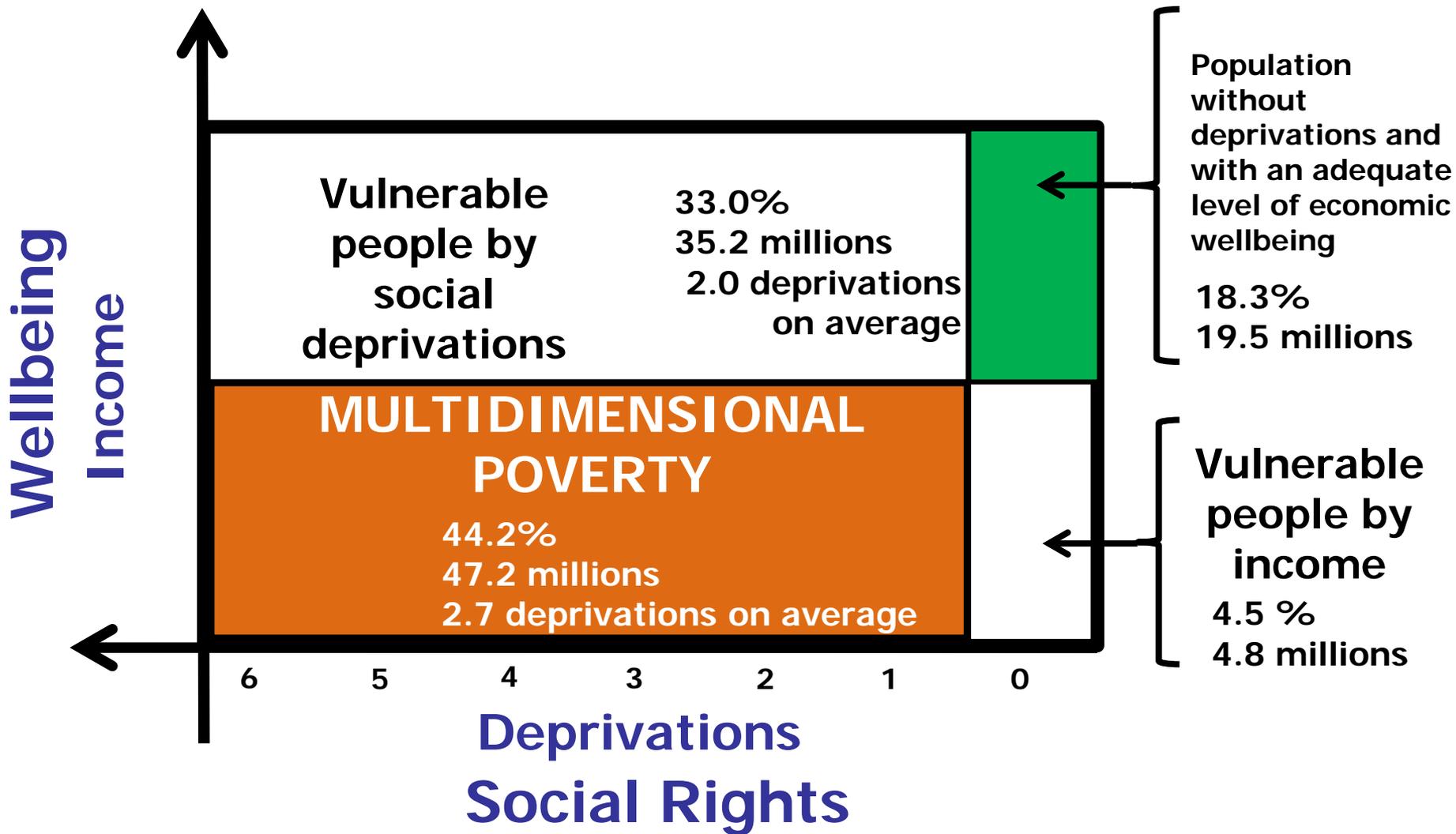
- This Law can be seen as the social **consensus** Mexico has achieved through Congress

Health

Education

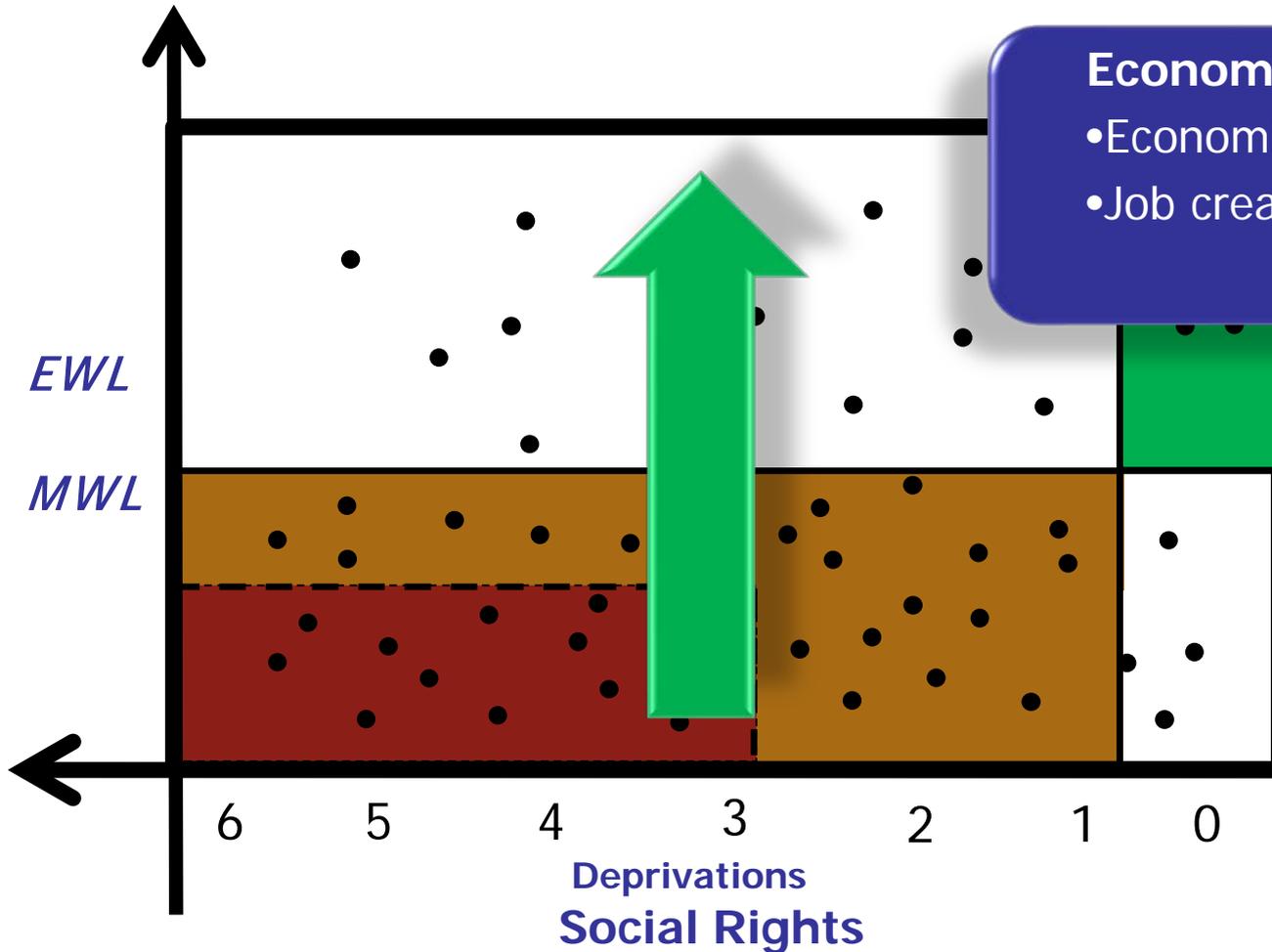
Housing

Total population 2008 (106,680,526)

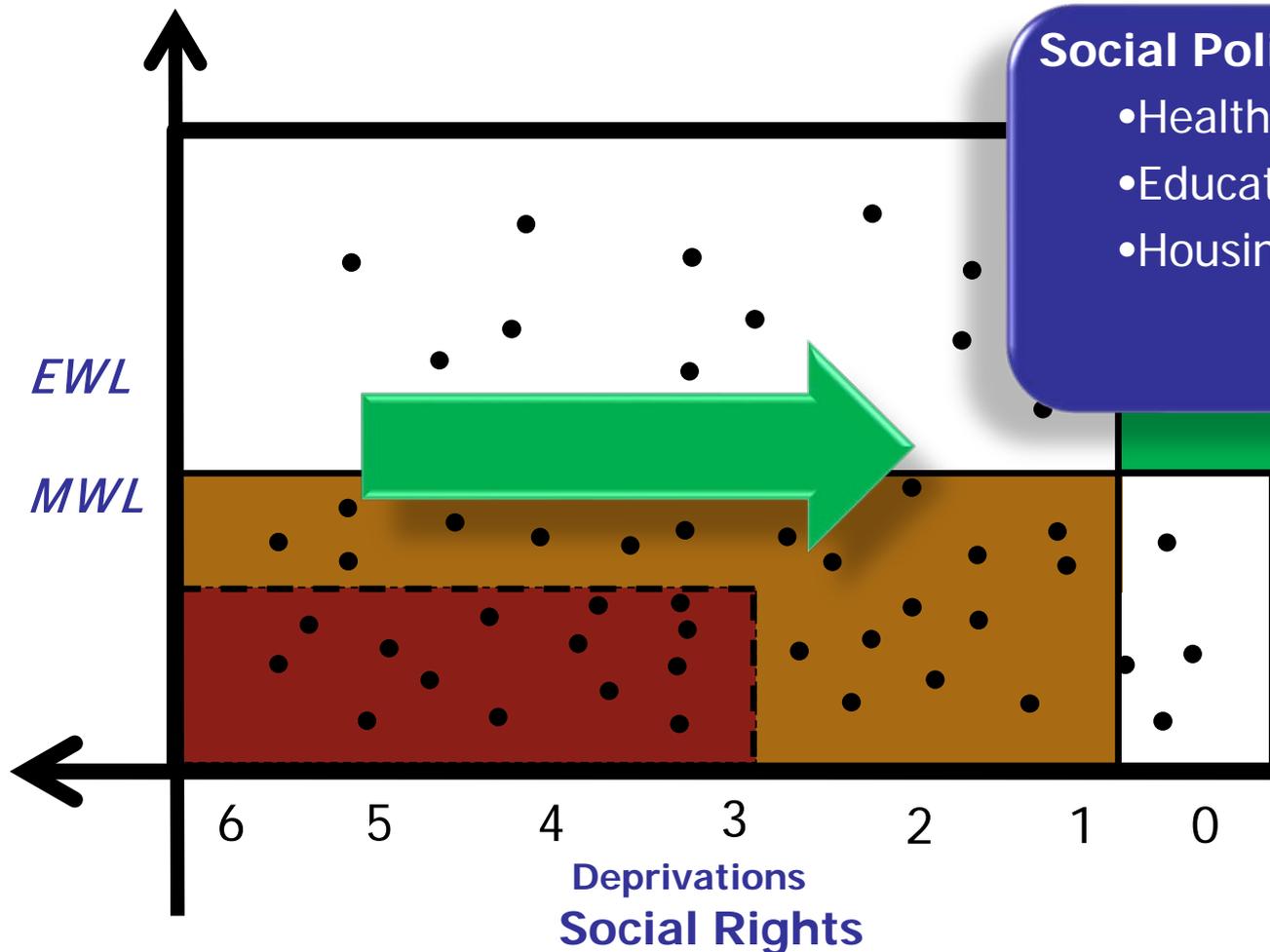


USING THE METHODOLOGY FOR PUBLIC POLICY

What policies should be carried out?



What policies should be carried out?



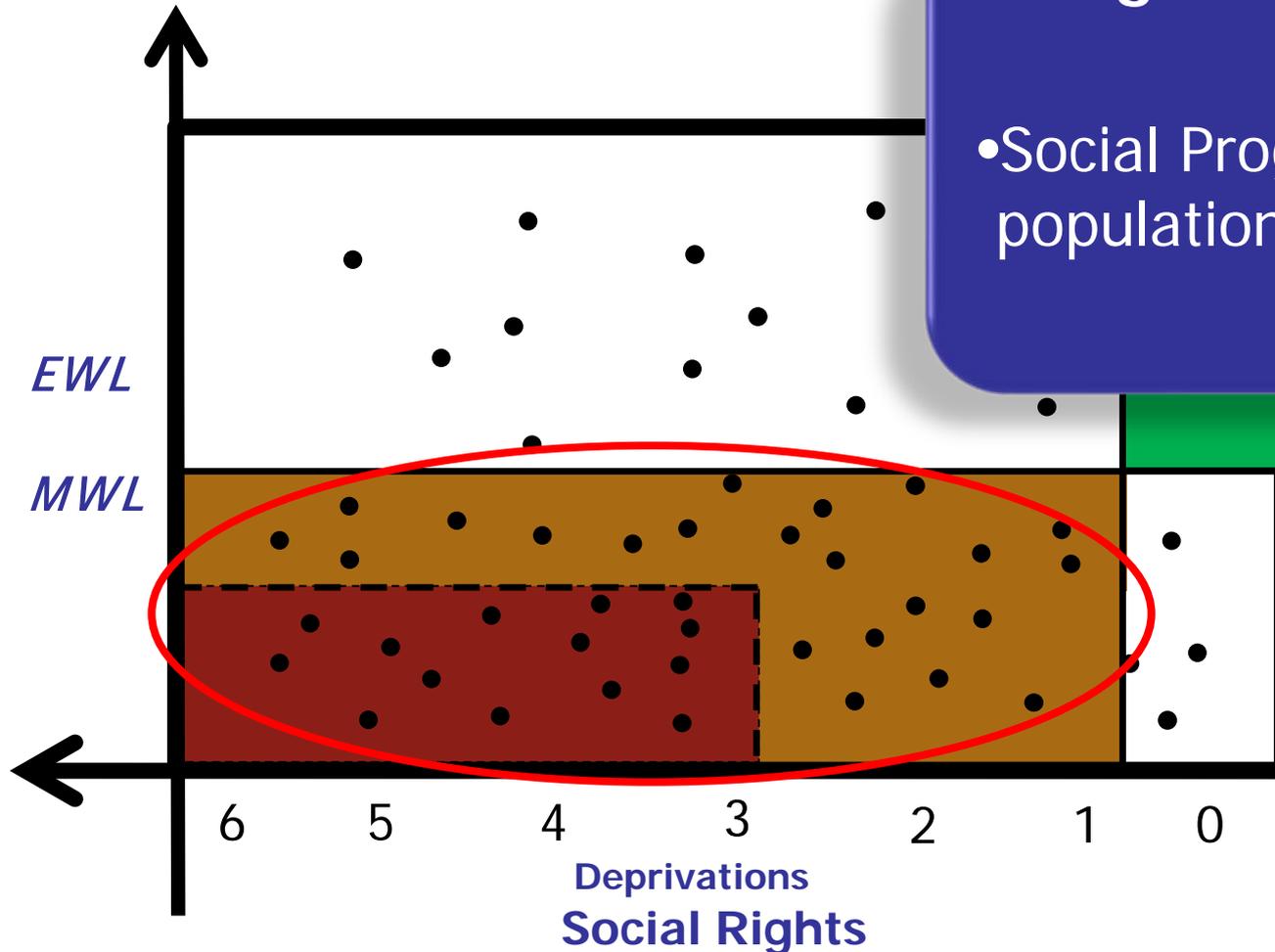
Social Policies:

- Health
- Education
- Housing

What policies should be carried out?

Targeted policies

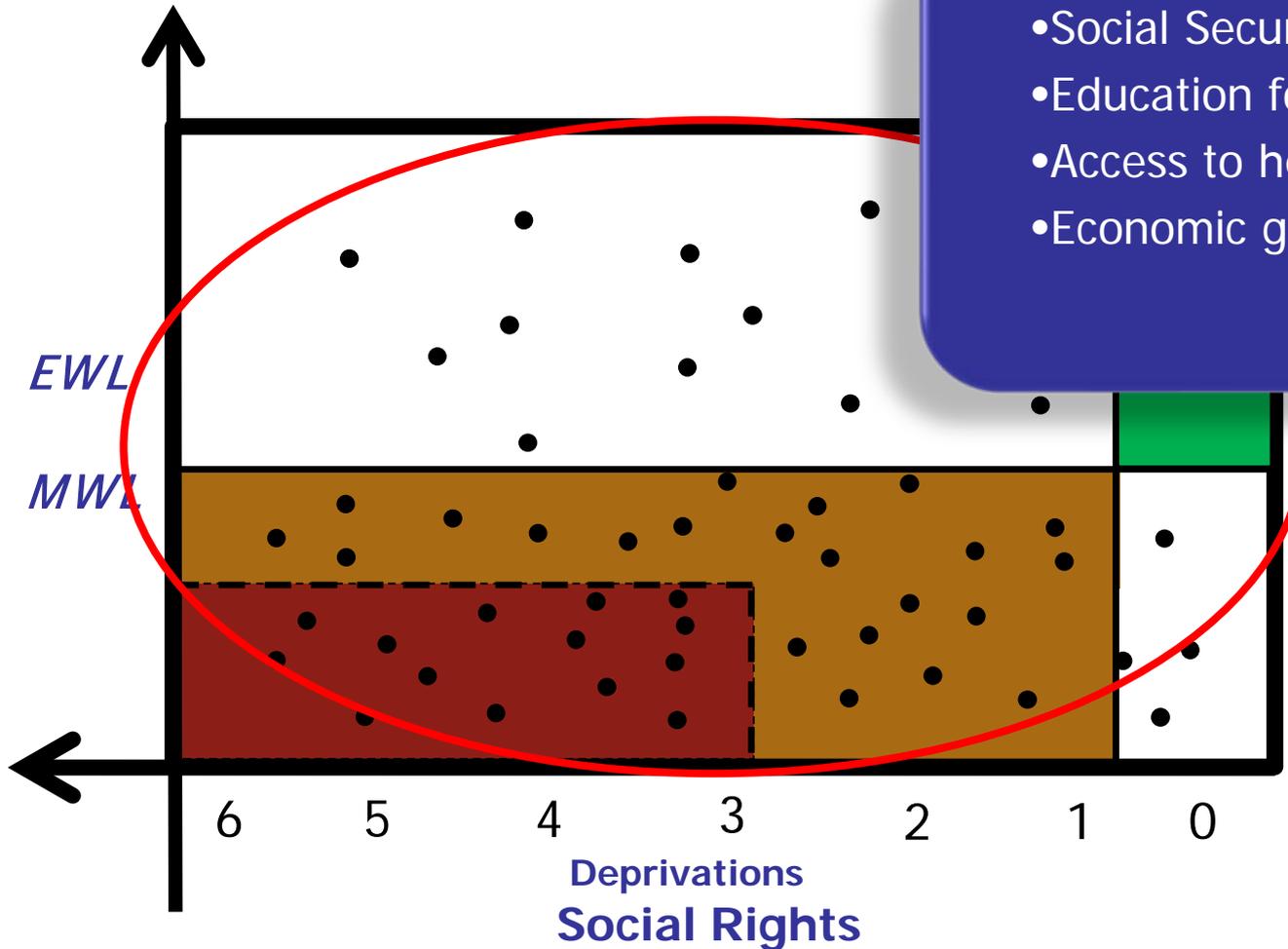
- Social Programs for the population in poverty



What policies should be carried out?

Universal policies

- Social Security
- Education for all
- Access to health services
- Economic growth



Justice and Fairness



Where a great proportion of the people are suffered to languish in helpless misery, that country must be ill-policed and wretchedly governed: a decent provision for the poor is the true test of civilization.

- Dr. Samuel Johnson, 1770