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## Three Measures of Poverty

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In Chapter 1, a distinction was made between perceived and actual poverty. This distinction will now be pursued in more detail. First, the conceptions held by families in the sample will be discussed. We will go on to consider the conception institutionalized within Britain and show how that may be used as a 'social' measure of poverty. But that is the state's definition and it may not be the right one. Therefore, we go on to consider alternative, more 'objective' measures. One is the 'relative income standard'. The other is the 'relative deprivation standard'.

### **Subjective and Social Definitions of Poverty**

What conceptions of poverty are held by the population? In the interviews we asked the chief wage-earner or head of household: 'There's been a lot of talk about poverty. Do you think there's such a thing as *real* poverty these days?' Sixty-two per cent said there was, 3 per cent that they didn't know and 35 per cent that there was not. We went on to ask what they would describe as poverty, and we wrote down the answers. Some of these were vividly expressed and deeply felt. 'Not having any money and not being able to earn any. Hearing the babies cry because they are hungry or cold - that's poverty.' This was a 40-year-old manual worker with three children.

Such statements reflect some of the principal preoccupations of this book. In this first example might be noted the emphasis on sheer lack of resources, but also on denial of access to obtaining them. That is a seminal idea for the understanding of poverty. There is emphasis too upon the effects of lack of resources, certainly of hunger or an insufficient diet, but also of other needs. This is the corresponding idea of deprivation in relation to style of living. We did not put words into people's mouths, and inevitably the answers were haphazard. Different people took up different ideas and after an interview that was already long there was no time to explore each possible conception systematically. Neither are survey interviews the best or the only method of identifying popular conceptions and attitudes. These vary according to social situation and their expression is not felt to be relevant to some

situations. We had, in any case, given priority to hard data about living conditions and behaviour.

The answers ranged widely and were not easy to categorize. Tentatively we classified the following sub-categories:

*Minority group poverty*

People spoke of sections or groups in the population as if that were a sufficient description or definition. They tended either to speak of *working groups*, people with low wages and/or large families and *groups who were not at work*, such as old people, the unemployed, the disabled and the sick, the unemployed and fatherless families. Thus 'the working class on low wages, the poor souls must be desperate. No wonder people go on national assistance if they are better off not working' (57-year-old labourer with wife and adolescent child). 'Old-age pensioners who are too proud to ask for anything' (retired fireman). 'Old people without any help but the pension' (40-year-old coalman with two children). Many simply listed different minorities, and some referred to gipsies and people who 'live on the streets'.

*Subsistence poverty*

People spoke of not having enough to feed children or go to work on; having nothing to wear or threadbare clothing; and not having the basic necessities of life. The conception of a necessary minimum income lurked in these accounts, and the emphasis was principally upon the physical necessities of food, clothing and shelter. Thus: 'Living in slum conditions; not enough money for the essentials of life' (38-year-old warehouseman with three children). 'It's not having enough food and clothes and being behind with the rent and not being able to pull up' (37-year-old railwayman with three children). 'I suppose it's simply being short of the necessaries of life - living hand to mouth and perhaps going without food and clothes' (self-employed window-cleaner of 50). 'People who have to tighten their belts because they just haven't enough to eat - or children who are very poorly clothed' (74-year-old married man). 'When you just manage to live through the day' (25-year-old student).

*Starvation poverty*

Some people put extreme emphasis on lack of food, malnutrition or starvation, and a number of them made specific references to overseas conditions - to Biafra, India and Morocco, for example. In calling attention to this conception, they usually denied the existence of poverty in Britain.

*Relative poverty*

(a) Compared with others. Some people spoke specifically with reference to conditions in the rest of society. Thus, 'Lacking the sort of things our society regards as necessities' (50-year-old hairdresser). 'Can't enjoy life like everyone else' (45-year-old carpenter with two children).

*Relative poverty*

(b) Historical. Some people took their standards from the past, either their own or society's past. They were drawn from all age groups, and not only the elderly. Many were people who denied there was real poverty today. Thus: 'Poverty is what we used to be like when I was a child' (23-year-old solderer in TV assembly). 'I can remember the days when I used to line up at the soup kitchen. That is why I hate having things handed down now. And there were days when I had to stop off school because it was my brother's turn for the boots' (56-year-old widow living with unmarried daughter). 'Lining up for the soup kitchen like they used to do, but there's no dire poverty now' (35-year-old widow with young daughter). 'It's on the breadline with no assistance, like before the war' (57-year-old clerk).

*Poverty as mismanagement (or Rowntree's 'secondary' poverty)*

Some people took the view that poverty was just a reflection of bad management, neglect or shiftlessness. Thus 'poverty arises not because of lack of money (or rather the opportunities to obtain assistance) but because of the bad management and ignorance of the working class' (40-year-old self-employed cabinet-maker with one child). 'Some people make poverty. They have adequate money if used wisely but spend it on beer and gambling and the family suffer by going short of food and clothing' (68-year-old married pensioner).

There were also a variety of answers that could not easily be categorized: 'It's not enough money'; 'It's a condition of mind'; 'It's when there are no relatives or friends to help'.

The numbers giving different descriptions are shown in Table 6.1. There were, of course, people who had multiple conceptions, and in these instances we simply took the conception which was given precedence or most emphasis. Nearly a third of heads of households, the largest fraction, saw poverty as lack of the means of subsistence. More than a quarter saw it in terms of certain minority groups, particularly retirement pensioners, but also the low paid and others. Small percentages, which none the less represented large numbers in the population, took an extreme view of poverty as starvation, and as a condition principally associated with mismanagement. A small percentage also conceived of poverty as a state

**Table 6.1.** Percentages of chief wage-earners or heads of households with low, middle and upper middle, and high incomes giving different descriptions of poverty.

<i>Description of poverty</i>	<i>Net disposable household income last year as a % of mean of household type</i>			
	<i>Under 80</i>	<i>80-199</i>	<i>200+</i>	<i>All<sup>a</sup></i>
Subsistence	31	32	37	31
Minority groups (e.g. pensioners, low paid)	25	31	32	29
Mismanagement	10	7	9	8
Relative with past	7	5	0	5
Relative with others	2	3	2	2
Starvation	8	7	8	7
None to describe	9	8	5	8
Other	8	8	8	8
Total	100	100	100	100
Number	728	795	246	1,964

NOTE: <sup>a</sup>Including 198 unclassifiable by income.

of resources which were low relative to the rest of society or low relative to their own or society's past.

To what extent did these conceptions vary structurally? Certain trends are worthy of note. More heads of households with relatively high than with relatively low incomes thought of poverty in terms of a standard below subsistence. This trend was rather more marked according to class. More non-manual workers, and particularly routine non-manual workers, than manual workers regarded poverty as a standard below subsistence (Table A.9, Appendix Eight, page 999). And slightly more young and middle-aged than elderly heads of households took the same view. On the other hand, more of those with relatively low than relatively high incomes conceived of poverty as a condition belonging to the past; and slightly more of them, and of manual workers than of non-manual workers, conceived of it as mismanagement. Finally, although roughly similar proportions of skilled manual and non-manual workers conceived of poverty as an attribute of minority groups, the proportion of partly skilled and unskilled workers saying the same was lower.

It is tempting to offer an explanation for this slightly diverse pattern. There are social pressures which dissuade large numbers of both non-manual and manual classes from seeing poverty in some ways, for example, as a condition imposed by governments or employers. After all, both classes are part of a society which explains social position predominantly in terms of individual motivation, individual qualification and individual skill. In a society which attributes high pay to individual desert and effort, some of the low paid seem likely to justify their low position, or at

least reconcile themselves to it, by seeing poverty in relation to the deprivation experienced by their parents and grandparents years earlier. It is a way of maintaining self-esteem. Alternatively, self-esteem may be preserved by shifting attention from observably meagre resources to mismanagement of resources. The escape from social shame of those with little money is to plead respectable management of the little they have. By contrast, more of the high paid than low paid have experienced discontinuities in family geography, occupations and personal history. They are more likely to have status aspirations and therefore to view social problems from the perspective of finely graded living standards and thresholds of minimum accomplishment. More of them, too, are likely to have been introduced to political or institutional conceptions of poverty like that of Beveridge. More of them seem likely to identify with the state's conception of 'subsistence' and a 'national minimum'.

It is along some such lines that a theory might tentatively be developed. In this report it would be premature. The correlations found in the survey are not marked and the conceptions by no means socially distinct. More rigorous questioning might clarify the conceptions which people hold. What has to be stressed is the wide diversity among different age groups, income groups and classes.

However, a substantial percentage of the population adopts a conception of poverty as being a standard below subsistence. Another substantial percentage identifies certain minority groups which are regarded as having a very low (and broadly homogeneous) standard of living. The possibility that some individuals in these groups may be relatively prosperous is ignored. These two sections of the population reflect official conceptions of subsistence and benefit as of right as developed, for example, by the Department of Health and Social Security (in the national insurance and supplementary benefit schemes). This provides a basis for the social or state standard of poverty which has been used throughout this report and which is discussed below.

### **The State's Standard of Poverty**

One standard of poverty which reflects the views of a large section of the population is the state's standard of poverty. All societies recognize levels of need among their populations which, through the policies of various institutions and services, they try to meet. How well the needs are, in fact, met can be a matter for empirical inquiry. But all societies also recognize other objectives which they try to pursue, such as giving adults an incentive to earn a living and be self-reliant, and sometimes these conflict with the objective of satisfying need. The extent to which different objectives are defined, pursued, reconciled and achieved can also be a matter for empirical inquiry.

At a fairly early stage in the evolution of the incomes and social security policies of most nations, cash payments are made on test of means. These are usually

restricted to certain narrowly defined groups, such as the aged, or the sick and the disabled, and only later are they extended to all categories of family not containing anyone who is in paid employment and even to some categories of family in which someone *is* in paid employment. There may be different standards of cash payments within the same society. Thus, although the federal government in the United States tries to lay down certain guidelines, there is variation among individual states, not only in the amounts paid and the numbers receiving payments, but also in the standards used for payment.<sup>1</sup> Within many societies there are local authority schemes whereby cash payments made through national schemes may be supplemented. In Britain, local authorities vary in the standards of educational maintenance allowances, charges for home help and so on. There is therefore scope for inquiry into many complex administrative arrangements if the standard of poverty which is actually applied within any particular society is to be correctly identified.

For most practical purposes, attention can be concentrated on the ordinary scales according to which payments are made under public assistance schemes to families of different composition. By comparing the actual incomes of families with their public-assistance 'entitlement', it would be possible to show how many people were in poverty by the standard accepted by society itself. Income data have been analysed along these lines both for Britain<sup>2</sup> and for some other countries.<sup>3</sup>

In the United Kingdom, the household means test was finally abandoned in 1948. The family unit within it became eligible for assistance in 1941. The income of people in the household who are not dependants can now be ignored, except for the purpose of calculating the contribution they can afford to make towards the rent. Thus an elderly grandmother living with a young family can be considered for assistance in her own right. Allowances for rents and other housing costs are normally calculated on the assumption that each income unit in the household contributes its share.

The basic rates of payment decided for the Supplementary Benefits Commission in Britain by the government have been changed frequently because prices and wages have increased. In November 1969, they were increased for the fourteenth

<sup>1</sup> Monthly Cost Standards for Basic Needs Used By States for Specified Types of Old Age Assistance Cases and Families Receiving Aid to Families with Dependent Children, January 1965, Department of Health, Education and Welfare Administration, Bureau of Family Services, Division of Program Statistics and Analysis, August 1965.

<sup>2</sup> Abel-Smith, B., and Townsend, P., *The Poor and the Poorest*, Bell, London, 1965; Atkinson, A. B., *Poverty in Britain and the Reform of Social Security*, Cambridge University Press, 1969, pp. 80-81.

<sup>3</sup> See, for example, Taira, K., 'Consumer Preferences, Poverty Norms and Extent of Poverty', *Quarterly Review of Economics and Business*, 1969.

**Table 6.2.** Basic rates of national assistance/supplementary benefit in 1948, 1968 and 1978.

Type of claimant	1948		1968			1978 <sup>a</sup>	
	£	As % of single house- holder	Before 7 Oct. £	From 7 Oct. £	As % of single house- holder	£	As % of single house- holder
Single householder	1.20	100	4.30	4.55	100	15.55	100
Married couple	2.00	167	7.05	7.45	164	25.15	162
Non-householder aged 21 and over	1.00	83	3.55	3.70	81	12.45	80
18-20	0.87½	73	2.90	3.05	67		
16-17	0.75	62	2.50	2.65	58	9.55	61
Children 13-15	0.52½	44	1.85	2.05	45	7.95	51
5-10	0.45	37	1.50	1.60	35	5.30	34
Under 5	0.37½	31	1.25	1.35	30	4.40	28

NOTE: <sup>a</sup>Ordinary rate.

time since July 1948. After the war the rates adopted by the then National Assistance Board corresponded broadly with the subsistence standard as defined in the Beveridge Report of 1942, but they were raised fourteen times in twenty-three years, and although there have been minor changes from time to time in the relativities of certain rates,<sup>1</sup> no attempt has been made to redefine them. Broadly speaking, they represent the same definition of 'need' as that recommended by Beveridge. The basic rates applying in 1948, 1968 and 1978 are compared in Table 6.2. Excluding the allowance for rent, the basic rates payable to a man, wife and three children aged 12, 8 and 4 was 49 per cent of the average industrial earnings of men aged 21 and over in October 1948, 52.3 per cent in April 1968 and 53.7 per cent in October 1968. During these twenty years, the 'real' value of the allowances for such a family increased by about 70 per cent - as measured by the movement in general price indices.

Some other societies recognize a very different structure of rates of benefit. For example, the rates for children are much higher in relation to adults in West Germany and some states in the United States than in Britain.<sup>2</sup> In these countries the rates for

<sup>1</sup> Bagley, C., *The Cost of a Child: Problems in the Relief and Measurement of Poverty*, Institute of Psychiatry, London, 1969, pp. 11-15.

<sup>2</sup> *ibid.*, pp. 16-24; Wynn, M., *Family Policy*, Michael Joseph, London, 1970, pp. 53-86.

adolescent children in particular are much higher and correspond with those for adults. The social standard of poverty is relatively higher.

The basic rates cannot be used as an indication of actual family incomes without making a number of qualifications. First, higher rates are paid to the blind (and were in the past paid to some persons suffering from respiratory tuberculosis or its after-effects). Secondly, some resources are disregarded by the Supplementary Benefits Commission. For example, in 1968 up to £2 of the net weekly earnings of an adult other than a man required to register for work, up to £2 of the total of war and industrial disablement pensions, workmen's compensation and certain widows' benefits, and up to £1 of income including superannuation, sick pay, charitable payments and annuities, could be disregarded. Up to £300 of capital assets in addition to an owner-occupied house were wholly disregarded, and above this figure another £500 could be wholly and a further several hundred pounds partly disregarded. In that year, 870,000 persons drawing regular weekly payments, or 33 per cent, had income which was disregarded, averaging rather less than £1 per week. They included 355,000 with actual or assumed income from capital assets of £325 or more; 227,000 with superannuation; 69,000 with widows' pensions other than national insurance widows' pensions; 77,000 with charitable or voluntary payments; 22,000 with disability pensions; 18,000 with dependants' war pension; 164,000 with earnings; 44,000 with maintenance orders; and 34,000 others. As many as 1,178,000, or 45 per cent, had capital assets. However, some of these had only a few pounds. Altogether 55 per cent had no capital assets, but 7 per cent had £500 or more (the great majority of whom were retirement pensioners).<sup>1</sup> It would seem also that the commission's officers overlook modest allowances made by relatives or friends, such as 50p or £1 a week given to a pensioner by a son or daughter as itemized above under 'charitable payments'. They often ignore occasional gifts in cash or kind. A large number of persons therefore have £1 or £2 or £3 income per week in addition to the basic rates which are paid to them.

Thirdly, a large number of persons are paid more than the basic rates. Retirement pensioners other than those in hospital or local-authority residential accommodation and persons under pensionable age, other than those having to register for work, who have received supplementary allowances continuously for two years, are entitled to receive a long-term addition (now developed into the long-term rate). In 1968, this was 50p. Further additions could be made for exceptional expenses, for fuel, special diet, laundering and domestic help, for example, in excess of the fixed long-term amount. In November 1968, 527,000 persons, or 20 per cent, received an average addition of 30p. A single payment to meet some exceptional need, such as the replacement of bedding or clothing, may be made. In 1968, 470,000 such payments were made, averaging just over £5. There are also exemptions from, or reimbursements of, charges for prescriptions, dentures, dental treatment and glasses

<sup>1</sup> Annual Report of the Department of Health and Social Security for the Year 1968, Cmnd 4100, HMSO, London, 1969, pp. 328-9.



supplied through the National Health Service, and supplementary benefit recipients qualify for free milk and vitamins for expectant and nursing mothers and children under school age, and free school meals for children at school.

Against these factors, which mean that families living on supplementary benefit normally have a standard of living higher than the actual basic scale rates, there are others which reduce families to a standard below the scale rates. Some persons are given allowances which provide them with an income below the basic rates. They include persons who refuse a reasonable offer of employment or who have voluntarily left their employment without just cause. In the late 1960s and early 1970s, the 'wage-stop' (since abolished) was applied to about a third of unemployed men with children. Often the allowance for a man with several children was more than £3 below, and sometimes more than £6 below, the basic rates payable by the commission.<sup>1</sup> The amount allowed for rent may also be reduced to a figure below the actual rent if the latter is regarded as 'unreasonable'. The number of recipients affected is not known for 1968, but in earlier years was about 1 per cent.

For all these reasons the actual cash income of persons receiving supplementary benefit can vary widely from the income defined by the basic rates. Usually it will be rather higher. A secondary analysis of FES data for 1953-4 found that single people receiving national assistance were living at a standard averaging about 26 per cent above the basic rates plus rent.<sup>2</sup> Evidence from the present survey, which will be discussed later, shows that the income for the preceding twelve months of those depending continuously on supplementary benefit, and the income for the preceding week of those receiving supplementary benefit in that week, was often higher than the basic rates plus housing costs. For nearly two thirds of those receiving supplementary benefit, it was, in fact, more than 10 per cent higher, and for over a quarter, more than 20 per cent higher, including a minority with an income more than 40 per cent higher. There are difficulties in drawing exact conclusions from the data, because individual circumstances may change during a short period of time, and because the contributions made to household income by different income units may be different from those assumed by the Supplementary Benefits Commission. But there is no doubt that, in practice, the incomes of the majority of households dependent on the commission fall within a range rather higher than the basic rates.

In defining the state's standard of poverty, therefore, it would be wrong to take the simple rules governing the payment of the basic rates without also paying heed to all the other rules which allow a higher standard, and sometimes a lower standard, to be

<sup>1</sup> *Administration of the Wage Stop*, Report by the Supplementary Benefits Commission to the Minister of Social Security, HMSO, London, 1967, p. 4. During 1968, the number of unemployed persons subject to the wage-stop in Britain fluctuated between 20,500 and 32,400. However, these restricted allowances covered a total of up to 100,000 people in the families of the unemployed. See Department of Health and Social Security Annual Report for 1969, Cmnd 4462, HMSO, London, p. 336.

<sup>2</sup> Abel-Smith and Townsend, *The Poor and the Poorest*, p. 18.

applied. In practice, society approves a standard for war pensioners and the blind which is higher than (in descending rank order) widows and their families, retirement pensioners, other physically sick or disabled people, the mentally ill and handicapped, separated wives and unmarried mothers and their families and, finally, the unemployed. Any conversion of the standards into equivalent amounts of income would be arbitrary within certain limits. It would be possible, for purposes of illustration and analysis, to take, say, the income of the 20th percentile, ranked from the topmost income, in each group - on the grounds that the great majority of those in each group are 'allowed' an income up to this level. However, there are drawbacks about such a proposal, not the least of which is the lack of information about the incomes of a sufficient number representing each of these groups. In a secondary analysis of incomes data, the Department of Health and Social Security referred to these problems and made two adjustments to the basic scales in comparing family resources with their needs. First, an average addition of 5p for families with one child or two children (with 5p for each additional child) was made to cover exceptional needs grants made in the course of the year by the Supplementary Benefits Commission. Secondly, a sum of 40p per week in 1968 was added, where appropriate, for travel-to-work expenses.<sup>1</sup> We did not adopt these adjustments, the first because it seemed wholly arbitrary to average this type of grant and none of the other grants and allowances; the second because we were able to deduct actual expenses in travelling to work from gross disposable income.

In this study we have defined two levels of income. The first is the basic supplementary benefit rates plus housing costs for different types of household. This will usually be lower than the level allowed in practice for families by the Supplementary Benefits Commission. The second is a level 40 per cent higher. Above this level, only relatively few families in fact prove to be getting help from the commission, but the majority of families receiving help have total incomes ranging up to that level. It is also a convenient cutting-off point, since it has been used in previous research. In assessing income in relation to the basic rates, we do not disregard any form of cash income, only income in kind. Income from capital is included, but no adjustment is made for the amount of capital itself.

The cost of housing is the weekly rent, inclusive of rates. For owner-occupied housing, the weekly equivalent of mortgage interest payments and capital repayments, together with the cost of insurance (and any ground rent, if payable) but not the cost of repairs, is counted. Although the commission does not itself allow any capital repayment in calculating individual weekly allowances, such repayments

<sup>1</sup> Howe, J. R.. Two-Parent Families: A Study of their Resources and Needs in 1968, 1969 and 1970, HMSO, London, 1971, p. 2.

have been included in housing costs in three government studies comparing resources with needs.<sup>1</sup>

There would in practice be difficulties in excluding these amounts, whether or not there were objections in principle. 'For approximately one-third of owner-occupiers with a mortgage, information is not available to distinguish the capital and interest components of the mortgage repayment.'<sup>2</sup> For simplicity we have adopted previous government research practice.

With reservations, then, the supplementary benefit standard in any year can be regarded as being the state's or society's current definition of a poverty line. It is not an objectively or scientifically constructed standard, and it would be unwise to treat it as such. For example, some writers have argued that since its relationship to mean or median income varies slightly from year to year over even a short span of years, it should be standardized in relation to such income.<sup>3</sup> This would be to convert a social (or administrative) construct into one which is neither social nor scientific.

### **The Relative Income Standard of Poverty**

Alternatives to the state's standard of poverty can be devised. One might be called the 'relative income standard'. Households can be placed in rank order according to their income and those with the lowest (or highest) incomes studied. The criterion of comparison is purely internal. If statements are made in terms of, say, deciles, then attention can be concentrated on the same quantitative groups in the population at different points in time or on the same quantitative groups in different populations. We may find that the poorest 10 per cent in the United Kingdom is very different in composition from the poorest 10 per cent in France, or that during a decade the poorest 10 per cent in any country changes significantly in composition. However, it would be impossible to say from time to time or country to country what changes were taking place in numbers living in poverty.

An alternative relative measure is to express income (or expenditure) as a percentage of the mean.<sup>4</sup> The proportion of two populations having less than 50 per cent of the mean may be significantly different, or the proportion of one population living at that level of income may change during a decade.<sup>5</sup>

<sup>1</sup> Ministry of Social Security, *Circumstances of Families*, HMSO, London, 1967, p. 3. See also Ministry of Pensions and National Insurance, *Financial and Other Circumstances of Retirement Pensioners*, HMSO, London, 1966.

<sup>2</sup> Howe, *Two-Parent Families*, p. 2.

<sup>3</sup> *ibid.*, p. 4.

<sup>4</sup> Abel-Smith and Townsend, *The Poor and the Poorest*, p. 37. For an illustration of both approaches, see Miller, S. M., and Roby, P., *The Future of Inequality*, Basic Books, New York, pp. 34-7.

<sup>5</sup> An OECD study compared the percentages of the populations of different countries found to

There are at least two limitations of this method. One is that income varies according to size and type of household. A distribution can be worked out for each type of household to meet this difficulty, but beyond a certain point it is difficult to allow for differentiation among households. There are numerous subtypes, and any sample of the population will include a few examples of some subtypes. The definition of 'types' is therefore governed to some extent by the number of instances of a particular kind in a sample (as well as historical knowledge about such types). And in ranking households within each type, and looking at the distribution in, terms of percentage of the mean, an implicit assumption is made about the 'equivalence' of mean income for each type. Thus married couples without children and married couples with four children who each have 50 per cent of the mean for their type of family may, in fact, have a more unequal, standard of living in one society than in another. In some measure the forces governing the distribution of income *within* types of household are independent of those governing the distribution *between* types of household.

The other limitation of this method is the arbitrariness of the choice of any particular percentage of the mean. Thus, on what grounds might one choose 50 per cent of mean income by which to identify relatively 'low' income rather than, say, 85 per cent? Perhaps certain criteria can be produced to justify the choice.

We decided to define the relative income standard in terms, first, of a number of types of household, and secondly, of levels of 50 per cent (very low) and 80 per cent (low) of the mean income for each type. The mean seems a more appropriate measure than the median. It is derived from the aggregate income which is distributed and therefore provides a more stable' reference point for measuring dispersion of incomes between countries and between two periods of time. For example, the income 'capacity' of a country might be concealed in cross-national comparisons if a tiny percentage of the population have exceptionally high incomes. Thus, the proportion of the population of this country with less income than 50 per cent of the median might be the same as of another country, and yet the proportion with less than 50 per cent of the mean might be twice as large.

### **The Deprivation Standard of Poverty**

The third measure is that of relative deprivation. While the first measure produces an estimate of socially perceived poverty and the second a band of low incomes of somewhat arbitrary width, the third attempts to provide an estimate of objective

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be in poverty, according to a national and a standardized definition. This standardized definition was admitted to be very arbitrary. Households were counted as poor if their incomes fell below the following percentages of mean disposable income per head: 1 person, 66.7 per cent; 2 persons, 100 per cent; 3 persons, 125 per cent; 4 persons, 145 per cent; 5 persons, 160 per cent. See OECD Studies in Resource Allocation, *Public Expenditure on Income Maintenance Programmes*, OECD, Paris, July 1976, p. 66.

poverty on the basis of a level of deprivation disproportionate to resources.

The measure is provisional. As explained in Chapter 1 (page 55), households are ranked according to income and a criterion of deprivation applied. In descending the income scale, it is hypothesized that, at a particular point for different types of family, a significantly large number of families reduce more than proportionately their participation in the community's style of living. They drop out or are excluded. These income points can be identified as a poverty line.

The procedure needs to be formulated. There is no unitary and clear-cut national 'style of living'. Rather, there are series of overlapping and merging community, ethnic, organizational and regional styles. By style of living I do not mean *particular* things and actions in themselves, but *types* of consumption and *customs* which are expressive of social form. Thus, the influence of national government, trading systems, education, the mass media, industry and transport systems will tend towards the establishment of diffuse cultural norms. Pakistanis in Bradford will tend or will be encouraged to adopt English habits of going away on summer holidays, patterns of child care, car-driving and travel, and patterns of consumption, even when they remain distinctive in other respects. Certain practices gradually become accepted as appropriate modes of behaviour, and even when a group performs particular rituals of religious observance or engages in particular leisure-time activity, it shares other customs with many different groups in society. What do need to be distinguished are the customs practised by a majority of the national population, and those practised by different minorities and sub-groups. Shared activities may differ in substance. Christmas may be celebrated by an exchange of gifts from Woolworth's, a few glasses of beer and a chicken from a broiler factory; or by an exchange of gifts in the best tradition of Harrods or Heal's, together with all the luxurious trappings of a country-house week-end party: The point at which a custom is no longer practised is debatable.

A national style of living has to be defined in operational terms. Many component items, including those specific to age groups, peers and generations, and to large units, such as regional communities and ethnic groups, have to be identified and examined and the elements common to, or approved by, the majority of the population distinguished. The degree of cultural integration of different groups and communities could then be tentatively assessed and perhaps measured. There are different spheres of social life - at work or school, in the home, in the immediate vicinity of the home, and elsewhere in the community, and in all of these spheres the individual's diet, health, welfare, occupation and recreation are defined. All this would represent considerable cultural inquiry.

A list of sixty indicators of the style of living' of the population was built up. This covered diet, clothing, fuel and light, home amenities, housing and housing facilities, the immediate environment of the home, the characteristics, security, general conditions and welfare benefits of work, family support, recreation,

**Table 6.3.** *The deprivation index.*

<i>Characteristic</i>	<i>% of population</i>	<i>Correlation coefficient (Pearson) (net disposable household income last year)</i>	
1. Has not had a week's holiday away from home in last 12 months	53.6	0.1892	S = 0.001
2. <i>Adults only.</i> Has not had a relative or friend to the home for a meal or snack in the last 4 weeks	33.4	0.0493	S = 0.001
3. <i>Adults only.</i> Has not been out in the last 4 weeks to a relative or friend for a meal or snack	45.1	0.0515	S = 0.001
4. <i>Children only</i> (under 15). Has not had a friend to play or to tea in the last 4 weeks	36.3	0.0643	S = 0.020
5. <i>Children only.</i> Did not have party on last birthday	56.6	0.0660	S = 0.016
6. Has not had an afternoon or evening out for entertainment in the last two weeks	47.0	0.1088	S = 0.001
7. Does not have fresh meat (including meals out) as many as four days a week	19.3	0.1821	S = 0.001
8. Has gone through one or more days in the past fortnight without a cooked meal	7.0	0.0684	S = 0.001
9. Has not had a cooked breakfast most days of the week	67.3	0.0559	S = 0.001
10. Household does not have a refrigerator	45.1	0.2419	S = 0.001
11. Household does not usually have a Sunday joint (3 in 4 times)	25.9	0.1734	S = 0.001
12. Household does not have sole use of four amenities indoors (flush WC; sink or washbasin and cold-water tap; fixed bath or shower; and gas or electric cooker)	21.4	0.1671	S = 0.001

education, health and social relations. The list is set out in Appendix Thirteen (page 1173). The corresponding parts of the questionnaire will be found in Appendix Ten (pages 1156-65). Different groups of indicators are discussed at length in Chapters 11, 12, 13, 14 and 20.

In principle, such a list might be developed, as I have suggested, from an exhaustive analysis of the amenities available to, and the customs or modes of living of, a majority of the population, in the course of which the representativeness and independence of different items and their frequency and symbolic as well as material importance would have to be discussed. In practice, we sought only to ensure that all the major areas of personal, household and social life were represented in our questionnaire. At this experimental stage, we wished to examine the relationship between participation in customary amenities and activities (as measured by indicators selected on the basis of pilot interviews and knowledge of previous studies of life-styles and amenities) and the distribution of income and other resources.

The indicators can be expressed as indicators of deprivation - for example, lacking that amenity or not participating in that activity (Appendix Thirteen, page 1173). By applying the indicators to individuals and families, a 'score' for different forms of deprivation can be added up: the higher the score the lower the participation. One would expect some indicators, like infrequent meat eating or lack of certain structural facilities in the home, to be correlated with low level of resources. But one would be less likely to expect others to be so correlated. *Prima facie*, low income might not prevent someone having an evening out once a fortnight or more, going to friends' or relatives' houses, having children's friends in to play or even having a holiday, though we would expect the occasion to be more austere. In fact, as Appendix Thirteen shows, the correlation between nearly all these indicators and different measures of resources is highly significant.

For illustrative purposes, a summary 'deprivation index' was compiled to cover major aspects of dietary, household, familial, recreational and social deprivation. This is set out in Table 6.3. The full list in Appendix Thirteen includes more items which could be applied to some sections of the population than to others. Although the scores for certain items could be reweighted to redress the balance (for example, on conditions in the home for people who were not in employment), we felt we did not have sufficient information to show how this might be done. We have therefore chosen those indicators which apply to the whole population, although with two components we considered it was appropriate to frame alternative versions for adults and children. While, in principle, we would have wished each of the indicators to apply to a minority of the population, three of the twelve in the present research in fact apply to a small majority.

The mean individual score for the entire sample was 3.5. It was 3.4 for children and 3.5 for adults; and was 3.6 for housewives. The mean score for younger adults

(15-44) was however lower (3.0) than for older adults (3.5 for people aged 50-59, 4.1 for people aged 60-69 and 5.1 for people aged 70 and over).

Different items in the index reflect the fact that some customs or activities are common to the household, but others apply only to individuals within the household. No single item by itself, or pair of items by themselves, can be regarded as symptomatic of general deprivation. People are idiosyncratic and will indulge in certain luxuries and apply certain prohibitions, for religious, moral, educational and other reasons, whether they are rich or poor. Families in certain situations are not necessarily deprived if they do not have a week's holiday; or if they do not have an afternoon or evening outside the home; or if they do not have a Sunday joint, because they may have other compensating activities or customs. This is why deprivation is difficult at the margins to detect. A score of 5 or 6 or more is regarded as highly suggestive of deprivation. Twenty per cent of households scored an average of 6 or more.

Figure 6.1 shows the sharp increase in deprivation at the lower levels of net

**Table 6.4.** Mean scores of deprivation, according to net household income.

Range of income	Size of households					All households	
	1	2	3	4	5+	Means	No.
Under £300	5.9	} 5.6	} 4.7	} (4.5)	} (5.2)	5.8	69
£300-49	5.9					5.8	71
£350-99	5.4	5.4				72	
£400-99	4.9	5.2	} 4.7	} (4.5)	} (5.2)	5.0	94
£500-99	4.0	5.0				4.7	83
£600-99	4.1	4.3	} 4.7	} (4.1)	} (5.2)	4.3	85
£700-99	} 4.0	4.3				4.7	(4.1)
£800-99		} (3.2)	4.1	3.9	3.5	} (4.8)	3.9
£900-99	} (3.2)		3.8	3.6	(3.1)		3.6
£1,000-99		} (3.4)	3.6	3.1	3.1	(4.1)	3.3
£1,100-99	} (3.4)		3.6	2.9	3.1	(4.1)	3.4
£1,200-399		} (3.4)	2.9	3.0	2.8	3.5	3.0
£1,400-599	} (3.4)		2.6	2.9	3.1	3.3	3.0
£1,600-799		} (3.4)	2.5	2.8	2.9	3.4	2.9
£1,800-999	} (3.4)		(2.2)	(2.8)	(2.7)	(3.5)	2.8
£2,000-499		} (3.4)	(2.7)	2.7	2.5	2.7	2.6
£2,500+	} (3.4)		(1.7)	(2.2)	2.0	2.6	2.3
All		5.1	3.8	3.2	3.0	3.5	3.7

NOTE: In this table no means are given for groups with fewer than 10 households in each group. Means for 10-19 households are placed in brackets. It should be noted that, for households with two or more persons, scores for each person were combined and averaged.



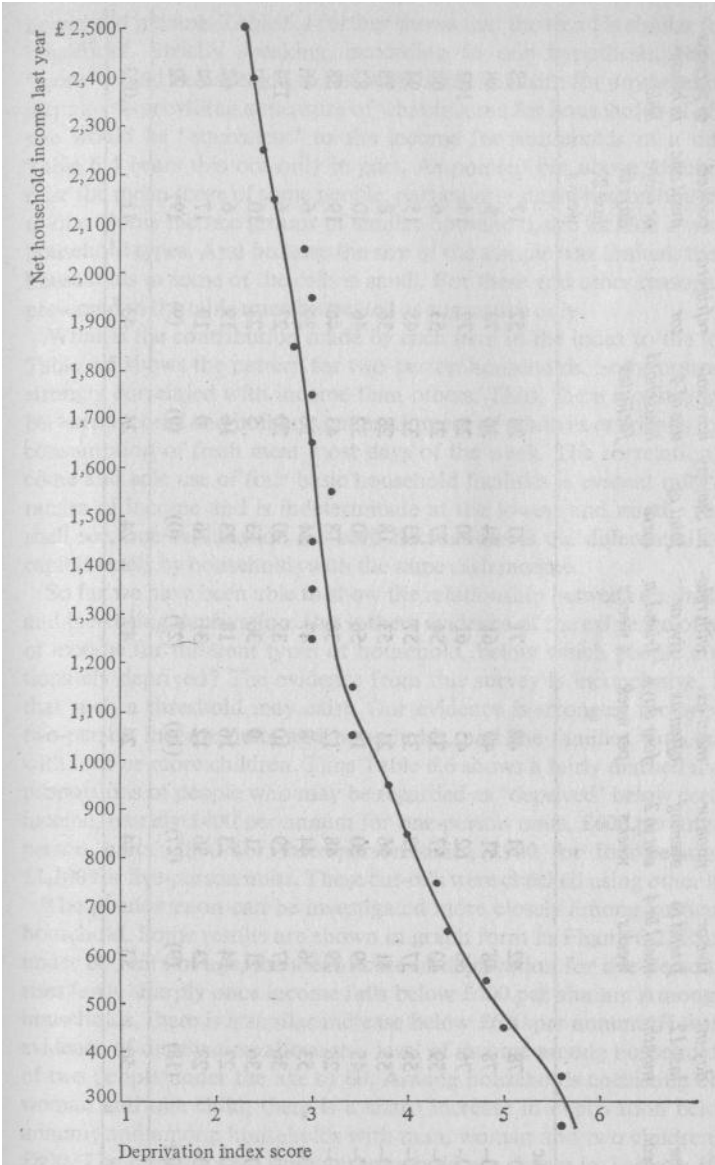


Figure 6.1. Deprivation index score for individuals in relation to household income.

**Table 6.5.** Percentages of people in two-person households deprived of certain activities and amenities.

<i>Net household income last year (£)</i>	<i>No holiday in last 12 months</i>	<i>No relative or friend to meal in 4 weeks</i>	<i>No afternoon or evening out in 2 weeks</i>	<i>No fresh meat as often as four days per week</i>	<i>No meal with relative or friend in 4 weeks</i>	<i>Usually no Sunday joint of meat</i>	<i>Does not have sole use of 4 household facilities</i>	<i>No refrigerator</i>	<i>No cooked meal one or more days in last 2 weeks</i>	<i>Number of persons in households</i>
Under										
400	78	62	51	48	71	41	24	52	17	58
400-	78	48	51	49	61	34	36	78	9	88
500-	76	36	62	45	61	30	23	72	14	102
600-	59	40	57	33	54	27	21	53	6	68
700-	55	37	59	31	57	23	32	45	15	94
800-	55	41	56	21	53	18	28	38	8	78
900-	45	29	30	18	56	30	32	46	10	82
1,000-	28	29	48	12	36	18	43	46	19	58
1,100-	53	36	44	8	47	24	36	39	6	66
1,200-	36	27	29	10	35	20	20	27	6	134
1,400-	36	21	31	9	30	13	5	23	10	77
1,600-	27	14	23	16	18	23	16	19	6	62
1,800-	28	23	36	12	31	16	0	19	17	64
2,500+	(18)	(9)	(27)	(18)	(27)	(0)	(9)	(9)	(9)	22
All	50	33	44	24	47	24	24	43	11	1,053

household income. Table 6.4 further shows that the trend is similar for all sizes of household. Strictly speaking, according to our hypothesis, the deprivation 'score' would be expected to rise with household size for any level of household income (so providing a measure of what income for households of any particular size would be 'equivalent' to the income for households of a different size). Table 6.4 bears this out only in part. As pointed out above, disability tends to raise the mean score of some people, particularly single-person households, by up to one. Some income groups of similar household size include a wide variety of household types. And because the size of the sample was limited, the numbers of households in some of the cells is small. For these and other reasons, the pattern presented in the table must be treated as suggestive only.

What is the contribution made by each item in the index to the total 'score'? Table 6.5 shows the pattern for two-person households. Some customs are more strongly correlated with income than others. Thus, there is a strong correlation between income and holidays, entertainment of relatives or friends to a meal, and consumption of fresh meat most days of the week. The correlation between income and sole use of four basic household facilities is evident only at the upper ranges of income and is indeterminate at the lowest and middle ranges. As we shall see, one explanation for such fluctuations is the differential ownership of capital assets by households with the same cash income.

So far we have been able to show the relationship between diminishing income and increasing deprivation. But is there evidence of the existence of a 'threshold' of income for different types of household, below which people are disproportionately deprived? The evidence from this survey is inconclusive, but suggests that such a threshold may exist. Our evidence is strongest for one-person and two-person income units and households, and the families with one child and with four or more children. Thus Table 6.6 shows a fairly marked increase in the proportions of people who may be regarded as 'deprived' below certain levels of income, namely £400 per annum for one-person units, £600 per annum for two-person units, £800 for three-person units, £900 for four-person units, and £1,100 for five-person units. These cut-offs were checked using other indicators.

The phenomenon can be investigated more closely among particular types of household. Some results are shown in graph form in Figure 6.2. Except for men under 60 years of age, the mean score of deprivation for one-person households rises fairly sharply once income falls below £400 per annum. Among two-person households, there is a similar increase below £600 per annum. However, there is evidence of deprivation above this level of income among households consisting of two people under the age of 60. Among households consisting of a man and woman and one child, there is a sharp increase in deprivation below £800 per annum; and among households with man, woman and two children, also below £800. The trends for all types of household are shown in Table A.10 (Appendix Eight, page 1000). But it is important to remember that the underlying numbers are not large. Although

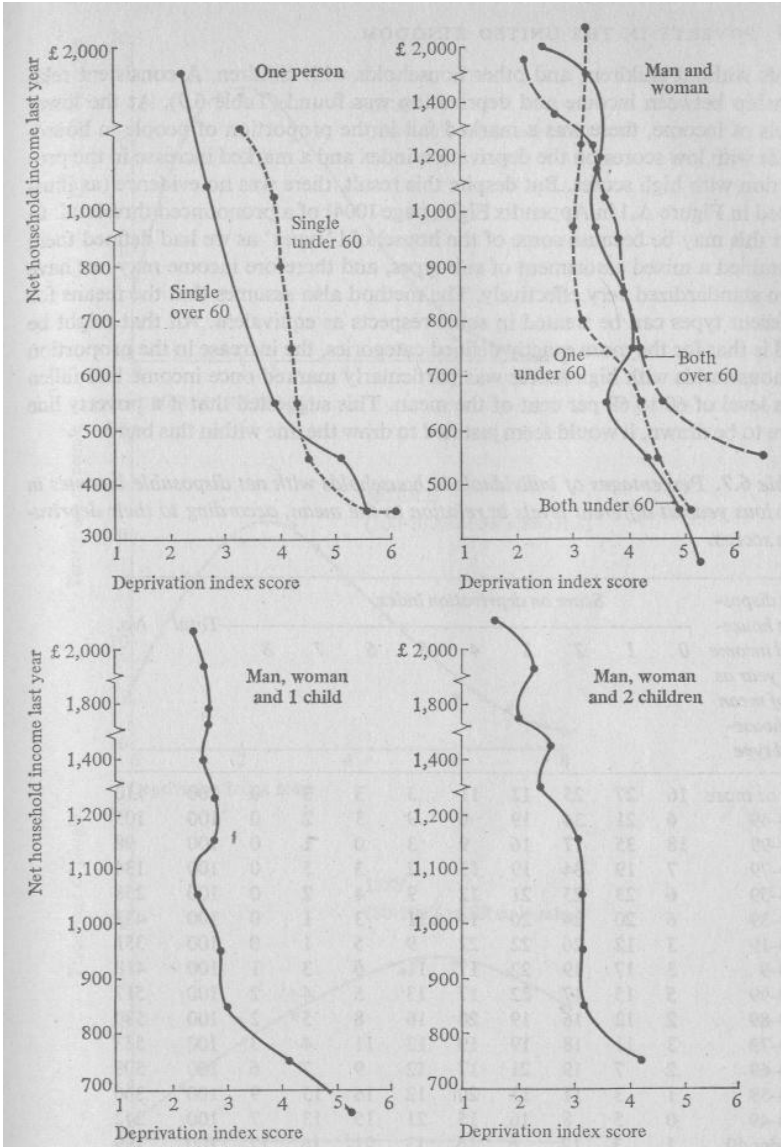
**Table 6.6.** Percentages of persons in one-person and larger income units with deprivation score of 6 or more, according to income of income unit.

Range of income	Number of persons in income unit					All sizes	All income units	
	1	2	3	4	5+		%	No.
Under £300	36	} 50	}	}	}	35	14	357
£300-	37							
£400-	19	40	} (29)	}	} 20	41	10	265
£500-	15	43						
£600-	10	} 17	}	}	} (41)	15	7	177
£700-	10							
£800-	6	} 13	} (4)	}	} 8	11	7	171
£900-	6							
£1,000-	}	} 8	} 5	}	} (24)	12	6	161
£1,100-								
£1,200-	}	} 4	} 2	}	} (9)	5	8	204
£1,400								
£1,600	} (11)	} 2	} (5)	}	} (3)	1	3	81
£1,800								
£2,000	}	} (6)	}	}	} (0)	(2)	2	45
£2,500+								
Total	24	18	8	8	16	19	100	2,531

NOTE: Figures in brackets apply to fewer than 50 but more than 30 units.

there were 471 households in the sample consisting of a man and a woman, these should be regarded as, properly, falling into different groups according to age. There were only 213 in which both man and woman were under 60 years of age, and only 165 in which both were 60 years of age or over. Again, there were 133 households with man and woman and one child, and 171 with two children.

To pursue the investigation of the relationship between income and deprivation it is necessary to standardize for composition of household. In addition to the 'thresholds of deprivation' approach we applied two other approaches: expressing income as a percentage, first, of the mean for the appropriate household type, and secondly, of the amount the household would receive in supplementary benefit in certain contingencies. We applied the former for the following fourteen types: man over 60 years; man under 60; woman over 60; woman under 60; man and woman; man, woman and one child, two children, three children, four or more children; three

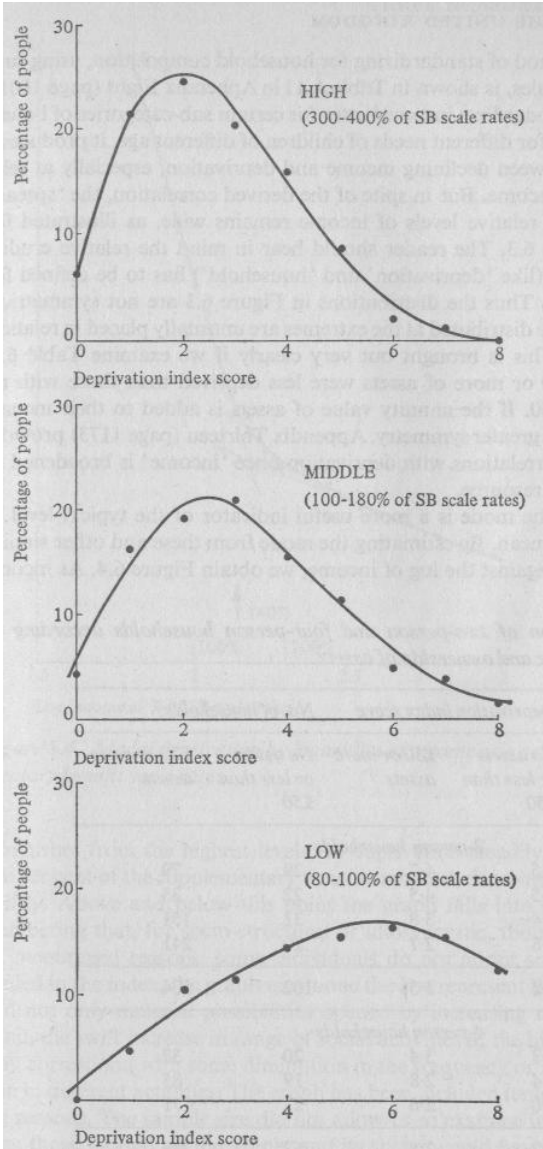


**Figure 6.2.** The relationship between income and deprivation for certain types of household.

adults; three adults plus children; four adults; other households without children; and other households with children. A consistent relationship between income and deprivation was found (Table 6.7). At the lower levels of income, there was a marked fall in the proportion of people in households with low scores on the deprivation index and a marked increase in the proportion with high scores. But despite this result, there was no evidence (as illustrated in Figure A.1 in Appendix Eight, page 1004) of a pronounced threshold. In part this may be because some of the household 'types' as we had defined them contained a mixed assortment of sub-types, and therefore income may not have been standardized very effectively. The method also assumes that the means for different types can be treated in some respects as equivalent. All that might be said is that for the more exactly defined categories, the increase in the proportion of households with high scores was particularly marked once income had fallen to a level of 60 to 69 per cent of the mean. This suggested that if a poverty line were to be drawn, it would seem justified to draw the line within this band.

**Table 6.7.** Percentages of individuals in households with net disposable incomes in previous year at different levels in relation to the mean, according to their deprivation scores.

Net disposable household income last year as % of mean for household type	Score on deprivation index									Total	No.
	0	1	2	3	4	5	6	7	8		
250 or more	16	27	25	12	11	3	3	3	0	100	110
200-49	6	21	34	19	6	9	3	2	0	100	105
180-99	18	35	17	16	9	3	0	1	0	100	98
160-79	7	19	34	19	13	2	3	3	0	100	134
140-59	6	23	23	21	12	9	4	2	0	100	258
120-39	6	20	24	20	14	11	3	1	0	100	433
110-19	3	12	26	22	22	9	5	1	0	100	351
100-9	3	17	19	22	17	11	6	3	1	100	418
90-99	5	15	17	22	17	13	5	4	2	100	517
80-89	2	12	16	19	20	16	8	5	2	100	580
70-79	3	11	18	19	19	13	11	4	3	100	533
60-69	2	7	19	21	17	12	9	7	6	100	508
50-59	1	3	11	13	20	12	16	15	9	100	366
40-49	0	5	8	16	15	21	15	13	7	100	242
Under 40	1	3	12	6	16	13	21	16	12	100	199
All incomes	4	13	19	17	17	12	8	5	3	100	4,852



**Figure 6.3.** The percentage at three levels of income with different deprivation scores.

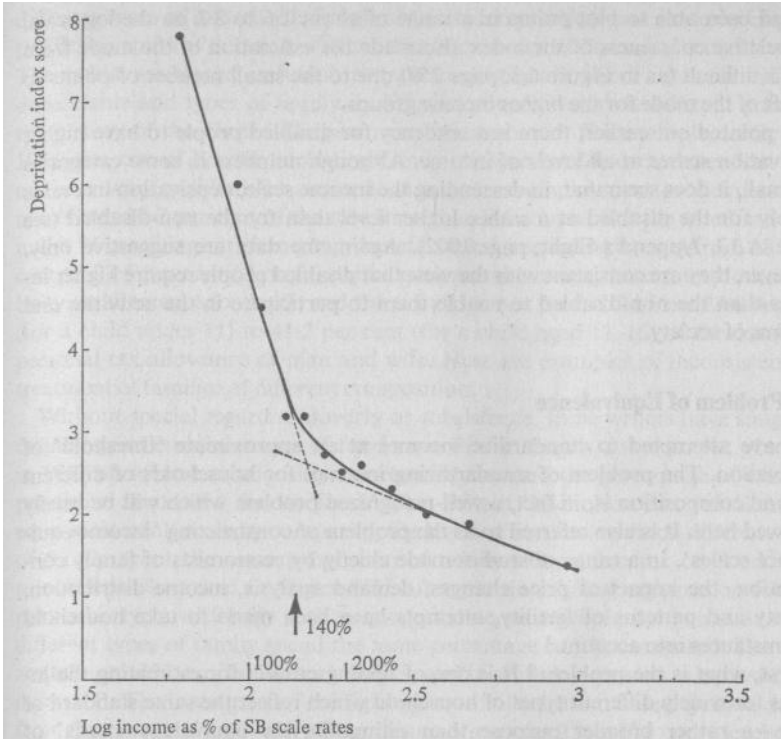
An alternative method of standardizing for household composition, using supplementary benefit scales, is shown in Table A.11 in Appendix Eight (page 1001). Since this method standardizes income better for certain sub-categories of household, and also allows for different needs of children of different age, it produces a better correlation between declining income and deprivation, especially at relatively low levels of income. But in spite of the derived correlation, the 'spread' of scores at different relative levels of income remains wide, as illustrated for three levels in Figure 6.3. The reader should bear in mind the relative crudity with which 'income' (like 'deprivation' and 'household') has to be defined for operational purposes. Thus the distributions in Figure 6.3 are not symmetrical and *some* of the people distributed at the extremes are unusually placed in relation to other resources. This is brought out very clearly if we examine Table 6.8. Households with £50 or more of assets were less deprived than those with no assets or less than £50. If the annuity value of assets is added to their income there is a shift towards greater symmetry. Appendix Thirteen (page 1173) provides evidence of higher correlations with deprivation once 'income' is broadened to include other types of resource.

For such reasons the mode is a more useful indicator of the typical level of deprivation than the mean. By estimating the mode from these and other similar graphs, and plotting against the log of income, we obtain Figure 6.4. As income

**Table 6.8.** *Deprivation of two-person and four-person households according to income in previous year and ownership of assets.*

Range of income £		Deprivation index score		No. of households	
		No assets or less than £50	£50 or more assets	No assets or less than £50	£50 or more assets
<i>2-person households</i>					
Under	500	5.5	4.7	29	79
	500-99	5.5	4.5	22	33
	600-999	5.4	3.8	31	151
	1,000+	3.8	2.7	20	241
All ranges		5.1	3.5	102	504
<i>4-person households</i>					
Under	800	4.3	3.4	20	32
	800-1,199	4.4	2.8	19	85
	1,200+	4.0	2.6	21	171
All ranges		4.2	2.8	62	288





**Figure 6.4.** Modal deprivation by logarithm of income as a percentage of supplementary benefit scale rates.

diminishes from the highest levels, so deprivation steadily increases, but below 150 per cent of the supplementary benefit standard, deprivation begins to increase swiftly. Above and below this point the graph falls into distinct sections. Remembering that, for socio-structural or idiosyncratic, though socially permitted or encouraged reasons, some individuals do not adopt some of the values included in the index, the graph may none the less represent the expansion of social and not only material possibilities opened by increasing income. On the other hand, the swift increase in range of social activities at the higher levels of income may correspond with some diminution in the frequency or intensity of participation in different activities. The graph has been included tentatively for the following reasons. The sample size did not allow us to examine incomes more extreme than those plotted on the graph, and its shape would have been more certain if we had been able to plot points in a range of about 1.6 to 3.3 on the log scale. The relative coarseness of the

index also made the estimation of the mode from graphs difficult (as in Figure 6.3, page 259) due to the small number of points to the left of the mode for the higher income groups.

As pointed out earlier, there is a tendency for disabled people to have higher deprivation scores at all levels of income. Although numbers in some categories are small, it does seem that, in descending the income scale, deprivation increases sharply for the disabled at a rather higher level than for the non-disabled (see Table A.13, Appendix Eight, page 1002). Again, the data are suggestive only. However, they are consistent with the view that disabled people require higher incomes than the non-disabled to enable them to participate in the activities and customs of society.

### The Problem of Equivalence

We have attempted to standardize incomes at an approximate 'threshold' of deprivation. The problem of standardizing incomes for households of different size and composition is, in fact, a well-recognized problem which will be briefly reviewed here. It is also referred to as the problem of constructing 'income equivalence scales'. In a range of studies made chiefly by economists of family consumption, the impact of price changes, demand analysis, income distribution, poverty and patterns of fertility, attempts have been made to take household circumstances into account.<sup>1</sup>

First, what is the problem? It is one of finding criteria for estimating the incomes for widely different types of household which reflect the same standard of living - a rather broader purpose than estimating the equivalent 'needs' of different types of

<sup>1</sup> Nicholson, J. L., 'Variations in Working Class Family Expenditure', *Journal of the Royal Statistical Society* (Series A), vol. 112, 1949; Prais, S. J., 'The Estimation of Equivalent Adult Scales from Family Budgets', *Economic Journal*, 63, December 1953; Prest, A. R., and Stark, T., 'Some Aspects of Income Distribution in the UK since World War II', *Manchester School*, vol. 35, 1967; Bagley, C., *The Cost of a Child*, Institute of Psychiatry, London, 1969; Abel-Smith, B., and Bagley, C., 'The Problem of Establishing Equivalent Standards of Living for Families of Different Composition', in Townsend, P. (ed.), *The Concept of Poverty*, Heinemann, London, 1970; Wynn, M., *Family Policy*, Michael Joseph, London, 1970, esp. Chapters 2 and 3; Prais, S. J., and Houthakker, H. S., *The Analysis of Family Budgets*, Department of Applied Economics, Monograph 4, Cambridge University Press, 1955; Barten, A. P., 'Family Composition, Prices and Expenditure Patterns', in Hart, P., and Mills, G. (eds.), *Econometric Analysis for National Economic Planning*, Butterworth, London, 1964; Stark, T., *The Distribution of Personal Income in the United Kingdom 1949-1963*, Cambridge University Press, 1972; Singh, R., 'On the Determination of Economies of Scale in Household Composition', *International Economic Review*, June 1972; Seneca, J. H., and Taussig, M. K., 'Family Equivalence Scales and Personal Income Tax Exemptions for Children', *Review of Economics and Statistics*, August 1971; Blandy, R., 'The Welfare Analysis of Fertility Reduction', *Economic Journal*, March 1974; Leibenstein, H., 'An Interpretation of the Economic Theory of Fertility: Promising Path or Blind Alley?', *Journal of the Economics of Literature*, June 1974.

household. Economists see one practical task in explaining and predicting shifts of demand, and another is to construct fair social security scales. The public assistance, national insurance and tax allowance rates for different dependants and types of family in different countries and at different points in the history of the United Kingdom can be compared. For example, in October 1968, the rate of benefit (including family allowances) for each dependent child of those who qualified for national insurance unemployment or sickness payments was 19.2 per cent of the rate for a married couple. But the rate for a child under 16 receiving supplementary benefit varied (according to age) from 18.1 per cent to 27.5 per cent (though, unlike national insurance, these rates do not embody an allowance for rent); and the tax allowance for a child from 33.8 per cent (for a child under 11) to 41.2 per cent (for a child aged 11-15) of the combined personal tax allowance of man and wife. Here are examples of inconsistency in treatment of families of different composition.

Without special regard to poverty or subsistence, some writers have sought to define equivalence by means of food expenditure. Engels, for example, observed in 1857 an inverse relationship between income and the percentage of total expenditure accounted for by food.<sup>1</sup> For Britain, Nicholson has calculated an equivalent adult scale by comparing the levels of income at which different types of family spent the same proportion of net household income on food.<sup>2</sup> The principle is illustrated in Figure 6.5. After plotting the expenditure on food of particular types of family with varying income on a graph, the points at which different types of family spend the same percentage can be compared. The horizontal dotted line joins two such points, and income A is treated as equivalent to income B. The lower part of the figure gives an illustration based on data drawn from the report of the Family Expenditure Survey for 1968. For every level of income, larger households committed a higher proportion of their incomes, on average, than smaller households to the purchase of food. At the lower levels of income, the percentage committed to food increased more and more sharply. If a line is drawn horizontally across the graph at the 20 per cent level, and the distance between the curves measured, then an equivalent adult scale can be represented as follows (households of man and woman being assumed to provide the standard):

<sup>1</sup> See the account in Hobsbawm, E. J., 'Poverty', *New International Encyclopaedia of the Social Sciences*. In an 1885 paper Engels's near namesake, Engel, pioneered the development of equivalence scales. See Engel, E., 'Die Lebenskosten belgischer Arbeiter-Familien früher und jetzt', *International Statistical Bulletin*, No. 9, 1885.

<sup>2</sup> Nicholson, J. L., *Redistribution of Income in the United Kingdom in 1959, 1957 and 1953*, Bowes & Bowes, Cambridge, 1965. For later reviews of equivalence scales, see Nicholson, J. L., 'Appraisal of Different Methods of Estimating Equivalence Scales and their Results', *Review of Income and Wealth*, 1976; and Muellbauer, J., 'Testing the Barten Model of Household Composition Effects and the Cost of Children', *Economic Journal*, September 1977.

single adult	1.13	(1.38)
man and woman	2.00	(2.00)
with 1 child	2.39	(2.37)
with 2 children		2.87 (2.72)
with 3 children		3.53 (3.08)

In brackets the approximate supplementary benefit scales (averaging for both rents and different rates for children of different age) have been given for purposes of comparison. The curves for each type of household, at least in this illustration, are remarkably equidistant. None the less it is evident that at different horizontal levels on the graph they do not maintain exactly the same proportionate relationship. And, as others have pointed out, the patterns produced by survey data are not stable from year to year.<sup>1</sup>

The early advocates of subsistence standards for poverty had either laid down arbitrary definitions of the needs of different types of families or had relied on crude estimates of minimum nutrition, translated into minimum market costs rather than the costs actually incurred by families.<sup>2</sup> A proposal that 'equivalence' could be established by finding what is the lowest household income at which a substantial minority or a majority of families actually secure minimally adequate nutrition<sup>3</sup> has not been put to detailed empirical test. The data collected in the national food survey are not analysed and presented in the form of distributions which would allow this approach to be scrutinized and more fully developed. Moreover, those in charge of any new empirical inquiry would have huge problems: the inquiry would have to be based on a very large sample, in order to include enough families of each type at each level of income; it would have to take account of differing, and also very broad, definitions of nutritional adequacy; and, finally, there would be the very real difficulties of measuring the actual content of people's diet partly, but not only, through their sometimes problematical accounts of food expenditure.

Neither nutritional level nor percentage of total income committed to the purchase of food can be regarded as a sufficient criterion of the satisfaction of all forms of need. One form of deprivation may often correspond with another, but we cannot take this for granted. The relationship has to be investigated and demonstrated. Without denying its importance, nutritional level has attracted disproportionate attention in the history of the study of poverty and privation throughout the world. In this study we have sought to lay stress symbolically on the *style* of consumption of

<sup>1</sup> Bagley, *The Cost of a Child*, p. 10. See Table A.12, page 1001, for an example from the National Food Survey.

<sup>2</sup> See the discussion above of the work by Rowntree and Orshansky on pages 33-9.

<sup>3</sup> Townsend, P., 'The Meaning of Poverty', *British Journal of Sociology*, June 1954, pp. 134-5; see also Clark, R. M., 'Some Reflections on Economic Security for the Aged in Canada', in Clark, R. M., *Canadian Issues: Essays in Honour of Henry F. Angus*, University of Toronto Press, 1962, pp. 356-60.

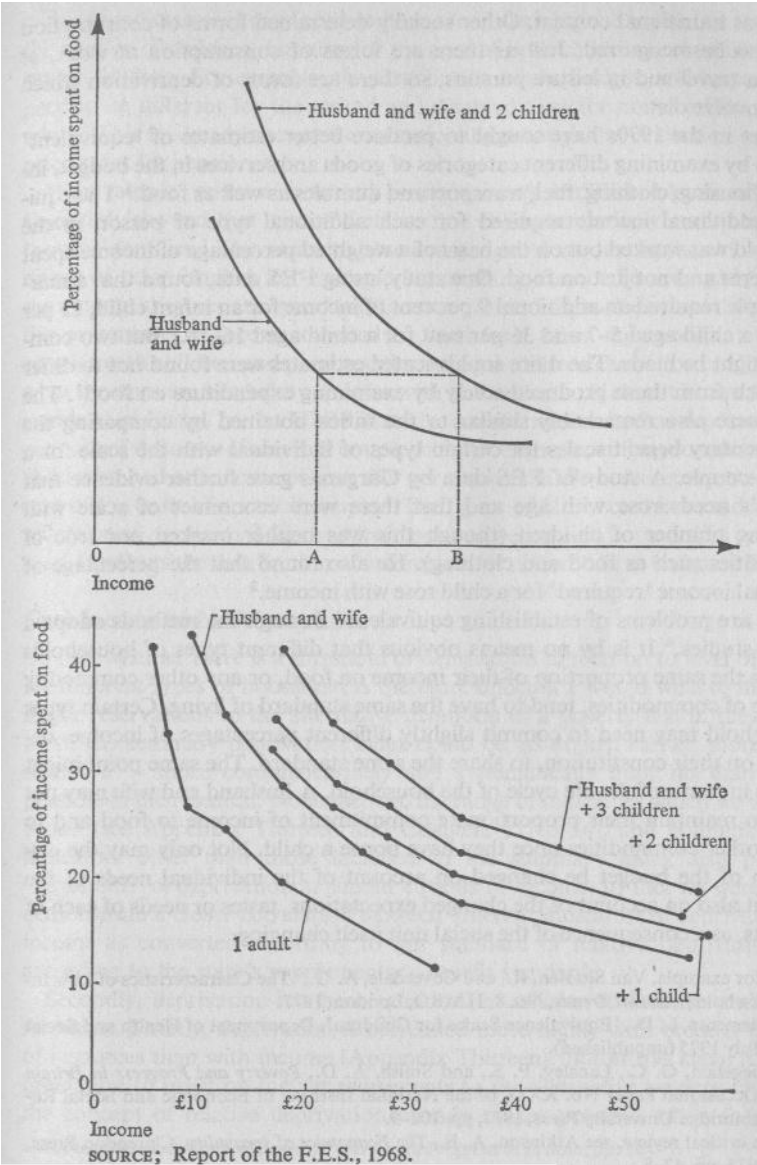


Figure 6.5. The establishment of equivalent income.

food because, as a guide to deprivation, it is as important as nutritional content. Other socially determined forms of consumption must also be recognized. Just as there are forms of consumption at work, at home, in travel and in leisure pursuits, so there are forms of deprivation which do not involve diet.

Studies in the 1970s have sought to produce better estimates of 'equivalent' incomes by examining different categories of goods and services in the budget, including housing, clothing, fuel, transport and durables as well as food.<sup>1</sup> The equivalent additional income required for each additional type of person in the household was worked out on the basis of a weighted percentage of income spent on all items and not just on food. One study, using FES data, found that a married couple required an additional 9 per cent of income for an infant child, 21 per cent for a child aged 5-7 and 36 per cent for a child aged 16-18.<sup>2</sup> But two comments might be made. The more sophisticated estimates were found not to differ very much from those produced solely by examining expenditure on food'. The results were also remarkably similar to the ratios obtained by comparing the supplementary benefit scales for certain types of individual with the scale for a married couple. A study of FES data by Garganas gave further evidence that children's needs rose with age and that there were economies of scale with increasing number of children (though this was neither marked nor true of commodities such as food and clothing). He also found that the percentage of additional income 'required' for a child rose with income.<sup>3</sup>

There are problems of establishing equivalence through the methods adopted in these studies.<sup>4</sup> It is by no means obvious that different types of households spending the same proportion of their income on food, or any other commodity or group of commodities, tend to have the same standard of living. Certain types of household may need to commit slightly different percentages of income, depending on their constitution, to share the same standard. The same point might be made in terms of the life cycle of the household. A husband and wife may not 'need' to maintain their proportionate commitment of income to food and to various other commodities once they have borne a child. Not only may the distribution of the budget be changed on account of the individual needs of the child, but also on account of the changed expectations, tastes or needs of each of the adults, as a consequence of the social unit itself changing.

<sup>1</sup> See, for example, Van Slooten, R., and Coverdale, A. G., 'The Characteristics of Low Income Households', *Social Trends*, No. 8, HMSO, London, 1977.

<sup>2</sup> McClements, L. D., 'Equivalence Scales for Children', Department of Health and Social Security, July 1975 (unpublished).

<sup>3</sup> In Fiegehen, G. C., Lansley, P. S., and Smith, A. D., *Poverty and Progress in Britain 1953-73*, Occasional Paper No. XXIX of the National Institute of Economic and Social Research, Cambridge University Press, 1977, pp. 102-9.

<sup>4</sup> For a critical review, see Atkinson, A. B., *The Economics of Inequality*, Clarendon Press, Oxford, 1975, pp. 42-5.

Again, adjustments may need to be made in deriving the scales not merely for the *number* of children, but also for the ages of both children and adults and the sex of children. For example, the distribution of the budget, and its scale, may need to be different for the retired and disabled than for non-disabled younger adults. This is already accepted conventionally through the institution of a retail price index for pensioners.

'Equivalence' seems also to vary *proportionately* at different levels of income. One study showed that 'richer' families find children relatively more costly than 'poorer' families.<sup>1</sup> This seems to pose a major problem. Just as the actual expenditure of poor families, for example, on clothing, cannot be averaged to derive the amount they *need* to spend (as Rowntree once did), so the actual difference in the percentage of income devoted to food (and other commodities) by poor couples with children and poor couples without children cannot be used to define what incomes are needed by couples with and without children to have the same standard of living. In the NIESR study, a child was treated as representing 21 per cent of the costs of an adult couple, but, for example, among couples with one child who had an income of over £29 per week a child's costs represented 51 per cent of the costs of an adult couple.<sup>2</sup> The figure of 21 per cent is a crude average reflection of *convention*<sup>3</sup> (derived from poor as well as rich households) and not of *need*. It reflects the distribution of income as it is rather than as it should be.

### Cash Income and a Poverty Line

To find whether there is a threshold of deprivation in relation to level of income for different types of household is therefore difficult. I would wish to make two major reservations to the alternative definition of a poverty line in these pages. First, the summary deprivation index could be, as argued earlier, more 'representative' - more comprehensively and systematically built up than proved possible in the research. None the less, the range of indicators which we used was broad (see Appendix Thirteen and Chapters 11 to 14), and combinations of indicators other than those included in the summary index also produced 'thresholds' of deprivation at similar cut-offs of income. In fact we were able to demonstrate a closer correlation between different indicators of deprivation and income as converted according to our standard of relative deprivation than according to the state's supplementary benefit standard.

Secondly, deprivation has been examined in relation to incomes rather than resources. Strictly, deprivation is correlated more highly with broader concepts of resources than with income (Appendix Thirteen). But at this stage it may be

<sup>1</sup> Fiegehen, Lansley and Smith, *Poverty and Progress in Britain*, pp. 104-5.

<sup>2</sup> *ibid.*, pp. 105 and 142.

<sup>3</sup> Also, 21 per cent seems low in relation to other figures quoted. See *ibid.*, p. 103.

premature to insist on further refinements to the alternative poverty line which the concept of relative deprivation already makes possible, when the income equivalents of assets and employer and state welfare are necessarily such rough approximations. The summary data presented in this chapter thus allow only a tentative definition of a poverty line for different types of household.

The level of income for different types of household below which deprivation increased disproportionately seemed from the evidence to be as follows:

1. For single-person households: at two thirds of that for households consisting of a man and woman, or rather higher than the proportion allowed in the UK social security system. (This conclusion is also reached by the more restricted method of deriving adult equivalence scales from the analysis of food expenditures, as discussed above, page 262.)
2. For households containing an employed adult: rather higher (10 to 20 per cent) than for households containing a retired adult.
3. For households containing a disabled person: rather higher than for households not containing such a person.
4. For households containing man, woman and child: up to about two fifths higher than the level for an elderly (non-disabled) man and woman, and about one fifth higher than for a man and woman under 60.
5. For households containing man, woman and three or more children under the age of 15: up to about double the level for an elderly (non-disabled) couple, and just under double the level for a younger couple.

Accordingly, an income standard might be constructed. The cash incomes per annum (and per week) required both to surmount the threshold of deprivation and to establish a rough equivalence between different types of households might be made up as follows (in terms of a baseline in 1968-9):

1. £156 (or £3 per week) for a household of any size.
2. £182 (or £3.50 per week) for each non-employed adult.
3. £286 (or £5.50 per week) for the chief wage-earner in the household, if any.
4. £221 (or £4.25 per week) for any supplementary earner (with employed or self-employed status of any kind).
5. £104 (or £2 per week) for a child under 10 years of age and £156 (or £3 per week) for a child under 15.
6. £104 (or £2 per week) extra for each person with appreciable, £208 (or £4 per week) with severe and £312 (or £6 per week), with very severe disablement (disablement defined as in Chapter 20).

Table 6.9 sets out the resulting scales, with the corresponding Supplementary Benefits Commission (SBC) scales. The deprivation standard is considerably below the mean gross disposable income for each type of household. It varies from about equivalent to nearly a third higher than the supplementary benefit 'standard' (and higher still for some households in which there are disabled people). However,



**Table 6.9.** *The relative deprivation standard of poverty in £ per annum, compared with the supplementary benefit basic scale rates, and mean household income.*

Type of household	SBC basic scale rates				Mean housing costs	SBC rates plus housing costs (cols. 1 + 3)	Deprivation standard	Mean gross disposable income last year	Col. 5 as of col. 4	
	Before 7 October 1968		After 7 October 1968							
	1	2	3	4						5
Man 60+	250a	263a	82	332		338	490	102		
Man under 60	224	237	113	337		442	889	131		
Woman 60+	250a	263a	77	327	338	400	103			
Woman under 60	224	237	111	335		442	674	132		
Man and woman, both over 60	429'	439'	72	501		520	843	104		
Man and woman, one under 60	367	387	112	479		624	967	130		
Man and woman, neither over 60	367	387	170	537		624	1,336	116		
	'young' <sup>b</sup>	'older' <sup>c</sup>	'young' <sup>b</sup>	'older' <sup>c</sup>		'young' <sup>b</sup>	'older' <sup>c</sup>			
Man, woman, 1 child	432	463	458	494	195	627	658	728-80	1,292	116-19
2 children	510	559	540	595	191	701	750	832-936	1,358	119-25
3 children	575	655	610	697	179	754	834	936-1,092	1,404	124-31
4 children	653	751	693	804	188	841	939	1,040-248	1,769	124-33

NOTES: <sup>a</sup>Including the long-term additional allowance.

<sup>b</sup> 'Young' family: 1 child = under 5; 2 children = one under 5, one 5-10; 3 children = two under 5, one 5-10; 4 children = two under 5, two 5-10.

<sup>c</sup>'Older' family: 1 child = 13-15; 2 children = one 11-12, one 13-15; 3 children = two 11-12, one 13-15; 4 children = two 11-12, two 13-15.

the difference between the deprivation and SBC standards is less marked than the figures suggest. Some allowance should strictly be added to the SBC rates for the expenses of work. In fact, these expenses averaged £35 per annum for all households in the sample, and about £50 for households with one or more persons in paid employment.<sup>1</sup> There is the further point that, in practice, certain types of income are disregarded by the commission's officers and certain households are awarded additional grants for exceptional needs. Later we will show that a substantial proportion of families who were currently receiving supplementary benefits had incomes higher than the deprivation standard.

Finally, attention must be called again to the fact that our measures of income unit, deprivation (through style of living) and income are all approximate. We have concentrated in this chapter upon the household, for example, rather than the income units comprising it. However, 71 per cent of households consisted of only one unit, and among households with only two income units the correspondence of deprivation, according to the index of deprivation, was fairly high. Thus at low, middle and high levels of household incomes, 86, 75 and 73 per cent respectively of the pairs of income units had the same score or a score which differed by only one. But the index itself is crude and requires further examination in relation both to multiple forms of deprivation and the combinations of individuals in households.

### Summary and Conclusion

Conceptions of poverty are held by individuals and groups and institutionalized by the state. A substantial percentage of the sample saw poverty as a standard of living below a minimally defined (or subsistence) level, and so aligned themselves with the view broadly, if rather ambiguously, put into effect by the state, principally through the supplementary benefits scheme. Another substantial percentage saw poverty more as a generalized condition applying to particular social minorities, such as pensioners, the unemployed, the disabled and the low paid. In some respects, this view corresponded with the state's definition of social categories entitled under national insurance to flat-rate benefits (and the Wages Council or Trades Union Congress definitions of a minimum wage). Only a tiny percentage of the sample saw poverty as a condition relative to standards which were or were becoming widespread in contemporary society.

Three measures of poverty are outlined:

- (a) The *state's* (or the social) standard (based on the rates paid by the Supplementary Benefits Commission).
- (b) The *relative income* standard (a standard which allows a fixed percentage of the population with the lowest incomes to be selected, or which is at a point fixed at a low level in relation to the mean income).
- (c) The *deprivation* standard (a standard of income below which people experience deprivation disproportionately to income).

<sup>1</sup> Allowances are made for work expenses in government reports which compare incomes with supplementary benefit scales. See Howe, *Two-Parent Families*, p. 2.

Deprivation is defined relatively to the community's current style of living as established in the survey. Indicators of different forms of deprivation are listed and a summary index used in analysis.

With qualifications both about measurement and sample size, the evidence suggested that there existed a threshold of deprivation for certain types of household at low levels of income, that is, a point in descending the income scale below which deprivation increased disproportionately to the fall in income. This threshold was at levels higher than the prevailing supplementary benefit standard, especially for households with children and households with disabled people.

There are four measurement problems in undertaking further work on the relationship between income and deprivation which we have speculatively explored:

1. *The problem of defining the income unit (as well as the consumption unit).* Individual members of the household vary in the extent to which they pool and retain incomes for common or individual use.
2. *The problem of defining the unit of deprivation.* Correspondingly, individuals may suffer alone or together. Individual members of the household vary in the extent to which they lead separate lives and experience deprivation.
3. *The problem of measuring level (including type) of resources.* Some individuals or families live very differently from what their net disposable incomes would appear to denote - because their command over other types of resource, whether assets, or employer welfare, social service or private benefits in kind, is exceptional. For considerable sections of the population resources other than cash incomes form a significant part of living standards. The problem lies not merely in identifying such resources but in translating them into equivalent values.
4. *The problem of measuring level (including type) of deprivation.* A similar problem arises over style of living. While social surveys can help to establish what are modal activities, facilities and customs in society few individuals can be said to reflect the full list in their own lives. Their own pattern of activities may be representative only of part of the national list. Some may draw both from a national list and from a list of activities, facilities and customs which are observed or shared exclusively by some social minority. Again, styles of living divide into styles at work, at home, in travel and in leisure-time activities. Deprivation can arise in one of these spheres and not all. Deprivation can arise in income-producing and not just income-consuming situations, for example.

Theoretically, even a provisional consideration of these problems quite apart from the data adduced in this chapter, suggests how unlikely it is that we will establish any simple or consistently direct relationship between income and deprivation. The population is not divided cleanly into the deprived and non-deprived. Many people are deprived in some respects but not in others. Many are deprived for part but not all of their lives. Some also have limited access to the resources they hold, or cannot convert them into the alternative forms of resources they require to escape deprivation.