Poverty, wealth and place in Britain, 1968 to 2005

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Review by Stewart Lansley

For the last three decades, the issue of inequality in society has largely slipped off the political agenda. Mrs Thatcher's governments took the view that policies aimed at maintaining or creating greater equality were incompatible with encouraging enterprise, a view largely endorsed during Tony Blair's three tenures as Prime Minister. Indeed Blair downgraded Labour's traditional commitment to tackling inequality and replaced it with what some academics, and notably Anthony Giddens, have called a 'new egalitarianism`. The central thrust of this new policy approach has been to downgrade the former importance attached to reducing the gap between the rich and the poor and concentrate instead on reducing poverty and improving social mobility.

While governments have been reordering the old policy priorities academics have beavered away trying to measure and evaluate the outcomes of these changes in direction. Most of these studies have found that as a result, taking a longer period from around the mid- to late-1970s to today, both the numbers in poverty and the level of income inequality have increased. Wealth inequality started to rise consistently from a slightly later date – from into the 1980s. When confined to the period since 1997, most studies show that while poverty has fallen over the period, inequality first rose and then has levelled off to roughly the levels inherited in 1997.

The study by Dorling and his co-authors provides a good deal of new substance to these earlier findings. The approach is also in many ways a good deal more sophisticated. There are broadly three novel elements to the study. First, the authors attempt to divide the population into three separate but exhaustive groups: what they call the ‘breadline poor’; the ‘asset wealthy`; and a third group consisting of the rest, a group they call the ‘non-poor, non-wealthy’. In addition they have identified two smaller subsets within these two outer groups: the ‘core poor` and the ‘exclusive wealthy`.

Secondly, in order to divide the population by these groups, as well as using a ‘poverty line` they have also calculated a ‘wealth line`. They would appear to be the first group of academics to attempt to do so, although John Rentoul attempted to do so using a different methodology in his book, *The Rich Get Richer* (1987).

In the past several academics have outlined a possible relativist approach to defining a wealth line. Just as a relative poverty line can be defined as the resource level at which people cannot afford to enjoy a minimum living standard accepted as the norm by society, a wealth line can be based in theoretical terms on the complementary idea devised by sociologist John Scott of a ‘point in the distribution of resources at which the possibility of enjoying special benefits and advantages of a private sort escalates disproportionately to any increase in resources.` That is, those who are able to exclude themselves from the kind of public services such as education that are experienced by the majority of society.

This is an important way of adding to our thinking on defining wealth and poverty, but the method used in the study to define poverty on the one hand, and wealth on the other are in fact based on quite different concepts. The poverty definition is based on the ‘Breadline Britain’ methodology which is built around the idea of public consensus about what defines poverty. The items used to define exclusion were based on surveys which ask the public to define necessities. The approach adopted here to measure the wealth line is based not on a public consensus but on a series of researcher-selected and measurable items such as expenditure on private health insurance and private school fees which seem to indicate the possibility of ‘self-exclusion`.

This is inevitable given the lack of a survey on the rich which asked the population a series of questions about spending on a list of selected items which could be used to delineate the income level at which people became rich. That is, a survey that would be comparable to the methodology in the ‘Breadline Britain’ survey. The issue of a wealth line is a much less explored area than that of a poverty line, and would be no less controversial. Nevertheless, maybe the next step in developing society’s thinking on the issue of poverty, wealth and inequality is to commission such a survey.

The third novel element to the study is an attempt to measure the spatial distribution of the defined social categories. The authors then track the fortunes of each of these five groups over a thirty year period using a mix of data sources – from the Breadline Britain surveys to the Census. The findings also show that the actual pattern of change is more complex than that shown by less sophisticated approaches. Broadly they show that while ‘breadline poverty’ rose over the period 1970-2000 in line with other studies, the proportion of those in ‘core poverty` actually fell. This suggests some success for those wedded to the idea of the ‘new egalitarianism` for it suggests targeting of the poorest has been largely successful.

When it comes to wealth, a similar pattern emerges. There is an increase in the proportion of the broader group of ‘asset wealthy` over the three decades but a slight fall in the proportion of the ‘exclusive wealthy`. Over the shorter period, from 1980 to 2000, there is a similar *fall* in the proportion who are exclusively wealthy The official figures on the distribution of wealth shows, in contrast, a *rise* in the proportion of wealth owned by the top one and five per cent broadly over this latter period. As the authors explain this apparent contradiction may be explained by the fact that while the number of rich has been falling the size of their fortunes has been soaring. Nevertheless, there would appear to be some contradiction here between the official data and the trends uncovered by the Dorling study. This would benefit from further exploration.

The conclusions on changes in the geographical polarisation of the rich and poor are also not straightforward. They show that ‘ Breadline poverty polarisation increased through the 1980s and 1990s. Asset wealth also became more polarised during the 1980s, but this trend reversed in the first half of the 1990s, before polarisation could be seen to be increasing again at the end of that decade. `

Although this research leaves some questions unanswered and raises many others it will come to be seen as an important study, adding both to our understanding of the trends at work and to the development of the methodology for charting inequality, wealth and poverty.

References

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