

## Seeking equality in an unequal society

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From the 1980s, many industrialised countries experienced greater inequality; but the increase in the UK was the second fastest.<sup>1</sup> The UK combines high income inequality and poverty, with only Ireland and the USA falling below it in the United Nations' 'human poverty index' for 18 industrialised countries.<sup>2</sup>

The evidence suggests governments retain some choice in intervening to mediate the effects of globalisation, shifts in labour demand, and other common economic/social changes. Some commentators argue that it is not market income inequality that is out of line in the UK, but policy-makers' failure to protect the population from its effects.<sup>3</sup> Others note the importance of social attitudes in determining market rewards, with government and other institutions therefore potentially playing key roles.<sup>4</sup>

### Inequality and poverty

Those in the bottom half and top tenth of the population each receive around a quarter of total income.<sup>5</sup> In 1998/99, one in four people (some 14 million, including over 4 million children) lived in poverty.<sup>6</sup> Measuring poverty as multiple deprivation of socially-defined necessities in addition to low income gives similar results; and 9% of Britons said their income was insufficient to provide necessities.<sup>7</sup> Wealth is much more unequally distributed, with the bottom half of the population holding 7% of marketable wealth and the top 1% holding one-fifth.<sup>8</sup>

Income inequality narrowed in the early-mid 1990s, but then began to widen again to 1998/99 as real earnings rose but benefits did not keep pace.<sup>9</sup> It is too early to assess the effect of recent measures on inequality and poverty, since the latest data are for 1998/99, before many were introduced, and show little impact in the government's first two years.

The government has committed itself to tackling pensioner and child poverty in particular, with explicit targets of halving child poverty by 2010 and eliminating it by 2020. It says its measures to date mean 1.2 million fewer children in poverty. Researchers say a third of the children now living in poverty<sup>10</sup> would continue to do so, even if all their parents available for paid work get jobs; many of these would be in lone parent families.<sup>11</sup> Halving child poverty would still leave it above its 1979 level.<sup>12</sup>

The government has implemented many measures to increase opportunities for people on low incomes and reduce childhood disadvantage.<sup>13</sup> A new (initially modest) national minimum wage, and real improvements in various benefits, have resulted in 'quiet redistribution' to low-income groups. A Social Exclusion Unit has tackled cross-departmental issues, and produced a national strategy for neighbourhood regeneration of disadvantaged areas. The four Budgets from 1997-2000 had progressive effects, with significant gains at the bottom and small losses at the top.<sup>14</sup> The latest budget also benefited people on low incomes. Some of the poorest families lost from earlier cuts in lone parent benefits,<sup>15</sup> however, and disability benefits restructuring will create future losers. There have been increased compulsion/sanctions for those said not to be fulfilling their responsibilities; punitive provision for asylum-seekers; a supply-side emphasis in employment policies; and an apparent under-valuing of unpaid community/caring work. There is no commitment to assessing overall benefit adequacy. Rising inequality may have been stemmed; but new measures will be needed even for low-income groups to continue standing still.<sup>16</sup>

Over the last 25 years, the UK moved from having a fairly typical level of taxation amongst industrialised countries to being in the lower half of the range. Taxation is not progressive overall: taxes are 37.1% of gross household income, but for the richest tenth they are 35.7% and for the poorest tenth 47.7%.<sup>17</sup> A recent report put the case for higher and more progressive taxation, to fund higher public spending, on citizenship grounds;<sup>18</sup> the government has not yet explicitly adopted this strategy.

### Geographical divisions

Scotland contains both urban and rural poverty, with notable concentrations. About a million people in Scotland live in poverty.<sup>19</sup> Wales has high numbers on sickness/disability benefits, lower life expectancy, and low wages.<sup>20</sup> From 1996/97 to 1998/99, disposable income per head in Wales was 83% of that for England.<sup>21</sup>

1 *Inquiry into Income and Wealth*. York: Joseph Rowntree Foundation, 1995.

2 United Nations Development Programme (UNDP). *Human Development Report 2000*, 2000. (Poverty defined as under half median income; inequality defined as relationship between top and bottom income quintiles.)

3 Jonathan Bradshaw, in Geoff Fimister, Editor. *An End in Sight? Tackling Child Poverty in the UK*. London: Child Poverty Action Group, 2001.

4 Tony Atkinson, *Financial Times*, 16 August 2000.

5 Office for National Statistics. *Social Inequalities*. London: The Stationery Office, 2000 (1997/98 figures).

6 Poverty defined as below half average (mean) equivalised disposable household income after housing costs; Department of Social Security. *Households Below Average Income: 1994/95-1998/99*. Corporate Document Services, 2000. (These figures include the self-employed. Direct comparisons with years before 1994/95 not possible because of discontinuities in the data.)

7 David Gordon *et al.* *Poverty and Social Exclusion in Britain*. York: Joseph Rowntree Foundation, 2000.

8 Office for National Statistics. *Social Trends 30*. London: The Stationery Office, 2000.

9 John Hills. *Taxation for the Enabling State*, CASE paper 41. London: Centre for Analysis of Social Exclusion, London School of Economics, 2000.

10 Poverty is increasingly defined by the government as below 60% of median equivalised disposable household income after housing costs; the definition used by these researchers is below half mean income before housing costs, so is not comparable.

11 Research by David Piachaud and Holly Sutherland for UNICEF, 2000.

12 Jonathan Bradshaw, in Geoff Fimister, *op. cit.*

13 Department of Social Security. *Opportunity for All*. London: The Stationery Office, 1999.

14 David Piachaud and Holly Sutherland. *How Effective is the British Government's Attempt to Reduce Child Poverty?* CASE paper 38. London: Centre for Analysis of Social Exclusion, London School of Economics, 2000; see also update by Holly Sutherland, "Microsimulation Unit Research Note no. 36", 2000.

15 Jonathan Bradshaw, in Geoff Fimister, *op. cit.*

16 John Hills, *op. cit.*

17 *ibid.*

18 Commission on Taxation and Citizenship. *Paying for Progress: A New Politics of Tax for Public Spending*. London: Fabian Society, 2000.

19 House of Commons *Hansard*, Written Answers, 3 November 1998, col. 477W.

20 Welsh Affairs Committee. *Social Exclusion in Wales*, HC 365-I and 365-II, Third Report, Session 1999-2000.

21 House of Commons *Hansard*, Written Answers, 30 November 2000, col. 944W (income after housing, fuel costs and travel).

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During the 1980s, the sharpest differences were between cities/regions—old manufacturing/mining areas compared with the prosperous southeastern region of England. But concern is now growing over divisions within cities/regions, with poor people increasingly concentrated in poor areas.<sup>22</sup> The poorest wards have average deprivation scores over ten times those of the most affluent.<sup>23</sup> There is also concern over geographical mismatches between workless people and available jobs. Devolved national administrations in Scotland, Wales and Northern Ireland are developing local responses to aspects of exclusion.

### Voice

Election turnouts have been falling, especially in poorer communities; mistrust of politicians and erosion of confidence in democracy seem to be increasing. People living in poverty are often angry that their voices are not being heard, and demand a right to participation that is genuine, inclusive and results in real change.<sup>24</sup>

NGOs increasingly define poverty as powerlessness and a denial of human rights; but this is not generally reflected in government analysis or the systematic participation of people in poverty in decision-making processes. In Scotland, representatives from poor communities and voluntary organisations argued successfully for regular, structured input into policy-making; elsewhere, this is largely restricted to local level. Policies are not yet consistently 'poverty-proofed', and there are no formal mechanisms for involving people in poverty or their organisations in developing an anti-poverty strategy.

### A nine-year difference in life expectancy

Indicators of health inequalities widened over two decades to the mid 1990s. Boys born into the bottom and top social classes have over nine years' difference in life expectancy.<sup>25</sup> At area level, differences in life chances are now the widest ever recorded. Researchers estimate that returning inequalities in income/wealth to 1983 levels would prevent some 7,500 deaths yearly among under-65s.<sup>26</sup>

The government maintained the previous administration's expenditure plans for two years, but recently started increasing public spending significantly, especially on health and education. It introduced legislation tackling discrimination against disabled people. The relationship of health inequalities to inequality/poverty has been explicitly recognised; but the government argues, rightly, that the key to their reduction lies largely beyond the scope of health services. Researchers say the worsening premature mortality rates for poor areas may be improving at last.<sup>27</sup>

### Education

Education in the UK shows a long 'tail' of under-achievement, with high functional illiteracy. Little allowance is made for increasing polarisation between poor and privileged neighbourhoods in judging schools.<sup>28</sup> In 1998/99, pupils in areas with high eligibility for free school meals because of parental poverty generally had lower attainment levels at school-leaving age.<sup>29</sup>

The government declared education a priority, focusing first on raising standards. Combating educational disadvantage is central to its anti-poverty strategy. It has only recently started to seriously address resource issues, in total and in terms of geographical disparities.<sup>30</sup>

### USD 356.000 for being a woman

One in five women is in the lowest income group, compared with one in six men.<sup>31</sup> A typical woman forgoes almost £250,000 (USD 356,000) over her lifetime by being female, with added losses for motherhood.<sup>32</sup> The gender gap in hourly earnings for full-time employees is still 19%; for part-timers, the gap is 40%.<sup>33</sup> Women, especially mothers, are increasingly participating in the workforce; but many women's jobs do not pay enough for economic independence, and the labour market is still highly segregated. Inequalities between women themselves seem to be increasing, and women's representation in policy-making/governance is still not satisfactory.

The government set up a 'women's unit' in the Cabinet Office, though this now appears threatened. Mainstreaming of gender was promised, but is not yet implemented consistently. Further improvements to childcare and provision for parents at work have just been announced.

### Race and ethnicity

People from minority ethnic communities are more likely to live in deprived areas, be poor/unemployed, suffer ill-health, and live in overcrowded housing; they also experience widespread racial harassment.<sup>34</sup>

Recent research shows more complexity than a simple black/white divide. Pakistanis/Bangladeshis are the poorest groups, with four times the poverty rate of white people.<sup>35</sup> In spring 1999, male unemployment rates were twice as high for those from Black or Pakistani/Bangladeshi groups as for either white or Indian men.<sup>36</sup>

Whilst much government policy is 'colour-blind', a recent inquiry led to a public debate about institutional racism, and legislation requiring greater awareness from public authorities. But reactions to a recent report on 'multi-ethnic Britain' demonstrated the continuing sensitivity of race/identity issues.<sup>37</sup>

### Conclusion

The government has demonstrated a real commitment to tackling poverty. Its pragmatic emphasis on 'what works' tends to divert attention from structural inequalities, however, and measures to improve opportunity for disadvantaged groups/areas are not systematically integrated into broader agendas on human rights, democratic reform or diversity.<sup>38</sup> The approach adopted in Scotland—moving from focusing on social exclusion to promoting social inclusion, and now social justice—has not been mirrored elsewhere. People living in poverty may find it difficult to feel of equal worth in a society in which life experiences are still so fundamentally unequal—despite recent welcome moves to tackle the UK's appalling legacy of inequality and poverty.<sup>39</sup> ■

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22 Social Exclusion Unit. *Bringing Britain Together*. London: Cabinet Office, 1998.

23 Pete Alcock, in Geoff Fimister, *op. cit.*

24 Commission on Poverty, Participation and Power. *Listen Hear: The Right to be Heard*. Bristol: Policy Press in association with UK Coalition against Poverty, 2000.

25 Department of Health. *The State of the Nation's Health: Health Inequalities – An Interim Report for the National Health Service*. London: The Stationery Office, 2000.

26 Mary Shaw *et al.* *Inequalities in Life and Death: What if Britain were more Equal?* Bristol: Policy Press, 2000.

27 Mary Shaw *et al.*, in Geoff Fimister, *op. cit.*

28 George Smith and Teresa Smith, in Geoff Fimister, *op. cit.*

29 Office for National Statistics, *op. cit.*

30 George Smith and Teresa Smith, in Geoff Fimister, *op. cit.*

31 Department of Social Security, *op. cit.* (note 7).

32 Katherine Rake, Editor. *Women's Incomes over the Lifetime, A Report to the Women's Unit*. London: Cabinet Office, 2000.

33 Trades Union Congress. *Campaigning to Close the Gap: Celebrating 30 Years of the Equal Pay Act*. London: TUC, 2000.

34 Social Exclusion Unit. *Minority Ethnic Issues in Social Exclusion and Neighbourhood Renewal*. London: Cabinet Office, 2000.

35 Richard Berthoud. *Incomes of Ethnic Minorities*. Colchester: Institute for Social and Economic Research, University of Essex, 1998.

36 Office for National Statistics, *op. cit.*

37 Bhikhu Parekh. *Report of the Commission on the Future of Multi-ethnic Britain*. London: The Runnymede Trust, 2000.

38 Ruth Lister, speech to Fabian Society conference, January 2001.

39 See, for example, Anne Phillips. *Which Equalities Matter?* London: Polity Press, 1999.