

If Beatrice Webb were alive today and wanted to compile an index of poverty in the UK, what factors would be included, how would they be measured, and how would each factor be weighted?" Also how would you use such an index to promote the issue of poverty in the public and political consciousness?

Over one hundred years ago Beatrice Webb headed the group that published the Minority Report. Webb claimed that the purpose of the report was *'to secure a national minimum of civilised life open to all alike, of both sexes and all classes'*, by which she meant *'sufficient nourishment and training when young, a living wage when able-bodied, treatment when sick, and modest but secure livelihood when disabled or aged'*¹. The report represented one of the first attempts to determine and tackle the root causes of poverty. Unfortunately Webb's innovative claims went widely ignored at the time of their publication. The majority consensus remained that poverty was due to a weakness of individual character. Webb was a strong believer in the claim that poverty is a result of systemic factors. She believed that if the systemic factors were addressed then poverty could be ended. Time has allowed for major reforms and today Webb's ideas raise some important questions about what constitutes poverty and how it can be measured within the UK.

Modern day measures of poverty tend to focus on the number of people who earn below 60% of the median income. Income is important and should be considered when addressing poverty, however the individual causes and components of poverty deserve a greater appreciation. As a starting point it is worth using the most popular living standards index that exists today. The Human Development Index (HDI) is very well-known mainly due to its simplicity. It exemplifies how any good index should be easy to understand if it is going to be practical. The HDI has many qualities which suggest that Webb would have used it as a poverty index. The use of literacy rates and gross enrolment ratios are good indicators of *'training when young'*. Life expectancy from birth is an all-encompassing indicator as it says something about whether there is *'sufficient nourishment'*, *'treatment when sick'* and a *'modest ... livelihood'* being provided within a society. Additionally the income index within the HDI acts as an indicator for the *'living wage when able bodied'*.

However one problem with the HDI is that it does not take into account the inequalities that may exist within a seemingly well-functioning society. This means that the HDI does a bad job of addressing Webb's point of any national minimum being *'open to all alike, of both sexes and all classes'*. A promising alternative is a disaggregated index. A widely cited example of a disaggregated index is the Gender-related Development Index (GDI). However Webb described her beliefs about wages with the phrase, *'Equal Pay for work of Equal Value in Quantity and Quality'*. She stated that her main concern was for the *'national minimum'* to be open to men and women alike, rather than men and women necessarily earning the same². However Webb did recognise that the phrase 'Equal Pay for Equal Work' had been used in her time to unfairly prohibit women.

If Webb were alive today she would more likely have preferred a disaggregated HDI that calculates different indexes for different income groups in society³. Income inequality is arguably the bigger factor affecting UK poverty today as a citizen's disposable income is what has a greater effect on

¹ Horton, Tim. *A Brief Guide to the Minority Report*

<http://www.fabians.org.uk/publications/extracts/brief-guide-orton> (accessed 24.8.11)

² Webb, Beatrice. *The Wages of Men and Women: Should they be equal?* London: Fabian Society, 1919

³ Misselhorn, Mark. *'Measurement of Poverty, Under nutrition and Child Mortality'*. Frankfurt: Peter Lang, 2007

their ability to take part in social activities and buy necessities for daily life. The disaggregated HDI for the lowest quintile income group would therefore be a good poverty index keeping Webb's beliefs at heart. This type of HDI would identify whether a '*national minimum of civilised life*' is being achieved in the UK.

On the other hand there is the question as to whether the equal weighting given to life expectancy and GDP per capita by the HDI is reflective of Webb's views. As life expectancy is such an all-encompassing factor it is only fair that it has greater weight placed on it. Not only that but GDP per capita is also the indicator that most suffers from using a disaggregated HDI. This is because GDP growth is simply an increase in output by a nation. If a nation increases its output in weaponry then this will do little to help the living standards of the poorest fifth of the UK⁴. More specific to Webb is the fact that GDP per capita doesn't say anything about the income for the unemployed, the sick and the elderly. Therefore a better indicator is required.

The indicator that should replace GDP per capita should be one that is more appropriate to poverty. Considering Webb's initial desire for the more helpless members of society to be given support she would probably feel heartened by the claim that she needn't worry about the livelihood of the aged. Recent data suggests that this claim is accurate, going so far as to say that it is less likely for pensioners to live in low-income households than non-pensioners⁵. This is of course something that should be monitored regularly to ensure its validity, but at the moment a UK poverty index doesn't have to make as many allowances for the income of elderly citizens. This conclusion may actually be considered an example of Webb's triumph in impacting modern policy as her consideration for the elderly helped to signal the foundations of pension schemes today.

The outlook is not as bright for the ill and the unemployed though; the original victims of the workhouse. In fact long-term unemployment and illness go hand in hand in some parts of the UK. Statistics have suggested that approximately three quarters of working age people who have been receiving out-of-work benefits for two years or more are either sick or disabled⁶. One of the problems with long-term unemployment as a result of a sickness or disability is that it may lead to a vicious circle whereby the person is never able to fully recover due to their time spent away from professional or social activity. Unemployment in itself is not totally deplorable though. In fact short-term unemployment may actually be viewed as an opportunity for people to find better jobs for themselves. For people in this position there is a Job Seekers Allowance ensuring them a '*living wage*' at all times.

However it is long-term unemployment that can contribute to poverty and lower living standards. To some extent even Webb appreciated the Majority's sentiment towards poverty when she advocated '*detention colonies...for able-bodied people who refused either work or training*'⁷. This suggests that Webb's desire was for sickly or disabled citizens to be preparing themselves for after treatment

⁴ Blink, J. and Dorton I. '*Economics Course Companion*'. Oxford: Oxford University Press, 2007

⁵ The Poverty Site. *Older people in low income* <http://www.poverty.org.uk/64/index.shtml?2> (accessed 16.9.11)

⁶ The Poverty Site. *Long-term working-age recipients of out-of-work benefits* <http://www.poverty.org.uk/14/index.shtml?2> (accessed 19.9.11)

⁷ Horton, Tim. *A Brief Guide to the Minority Report* <http://www.fabians.org.uk/publications/extracts/brief-guide-horton> (accessed 19.9.11)

when they would be able to get back into work. The onset of citizens defrauding benefit services in modern times makes this an issue that needs addressing.

Therefore the indicator replacing GDP per capita is the percentage by which long-term benefit recipients' increases or decreases over the period of one year. To create an indicator for long-term benefit recipients there should be maximum values of increase and decrease specified which can be used appropriately to create a new component of the poverty index. Similar to the way one creates an index with GDP per capita data to compile the HDI. The only difference is that an increase in the number of long-term benefits recipients pushes the index down whereas an increase in GDP per capita pushes the HDI up.

Webb's use of the phrase 'living-wage' is also important here and is embedded within the motivation to reduce long term benefits recipients. The minimum wage exists in order to mark a level of subsistence that is sufficient for all citizens. This means that getting people working means getting people earning, at the very least, the 'living-wage'.

On the other hand Webb specified the importance of treatment for those who are sick. The current index appears to have more of a focus on ensuring people are working rather than actually improving in health. Fortunately this issue is implicitly dealt with in two ways. The first way is through the fact that the UK has a universal healthcare system which means that treatment is accessible for all regardless of income. The second is the realisation that the long-term benefits recipients' indicator indirectly takes into account the quality of healthcare provision in the UK. If the healthcare system was to deteriorate and patient waiting lists grew longer, rendering more citizens incapable of working, then this would contribute to an increase in the number of long-term benefits recipients.

The final, and possibly most important, issue that the index should address is '*sufficient nourishment ... when young*'. The UK has seen a vast increase in the level of child poverty over the years and it is suggested that almost a third of all children in the UK are living in poverty⁸. This means that the UK has a proportionally greater number of children in poverty than many other developed countries. The issue is serious enough to be given an individual indicator within any UK poverty index.

However there is a difficulty that arises in indexing child poverty. One might choose to use an indicator that focuses on the number of children in child poverty, or alternatively one could use an indicator that measures a major cause of child poverty. The latter type of indicator seems more appropriate when one considers Webb's tactic of approaching poverty by looking at structural causes.

The difficulty then arises in determining what causes are sufficiently worthy of being measured. There are numerous causes of child poverty within the UK. The main causes are often the same as the causes of most types of poverty; low income possibly caused by unemployment, lack of institutional support and social division. However there are also causes that are unique to child poverty such as higher divorce rates and greater numbers of teen pregnancies. The proposed index

⁸ End Child Poverty. *Key Facts* <http://www.endchildpoverty.org.uk/why-end-child-poverty/key-facts> (accessed 2.10.11)

already considers long term unemployment and education levels within the UK which goes some way in raising public awareness about some of the main causes of child poverty.

However the final indicator will focus on causes specific to child poverty. To identify these causes within the realm of Webb's thinking the key word that needs to be recognised is '*nourishment*'. Nourishment can refer to physical or emotional factors and when taken in a modern day context it refers to a good standard of living for the young. The indicator will therefore focus on factors that inhibit nourishment. The first factor to be included in the child poverty indicator is the number of underage pregnancies that result in actual births. It is being used because, naturally, young mothers find it extremely difficult to nourish their children in the same way as an older, more settled woman would.

The second factor used is the concentration of poor children in the UK. It is sometimes the case that poverty breeds more poverty. In an area with highly concentrated child poverty the poor children only see other poor children; effectively depriving them of social nourishment. Currently half of the children in the UK who are eligible for free school meals are concentrated in a fifth of the schools⁹. The proposed way of indexing this is by using a technique very similar to the one used when calculating the Gini coefficient. A line of absolute equality is formed which is based on all schools having an even proportion of children on free school meals and then the actual data is plotted. The ratio of the areas between these lines can then be used to create a concentration coefficient.

The third and final factor is the number of lone parents within the UK. Recent data suggests that 46% of children in lone parent households are living in poverty whereas within two-parent families the figure is 22%¹⁰. The number of lone parents and the number of underage pregnancies that result in actual births would both be indexed in similar ways. The percentage increase or decrease each year is expressed as a fraction of some maximum; similar to the way in which the long-term benefit recipients' indicator is indexed.

These four components can be used in an effective way to increase awareness of poverty. The first component is education and looks at gross enrolment ratios and literacy rates. The second component is living standards and uses the indicator of life expectancy. The third component is unemployment and is considered by the number of long-term benefits recipients. The fourth component is child poverty and uses the number of underage pregnancies that result in birth, the number of lone parents in the UK and the concentration of poor children. The four components are all weighted equally. The three indicators for child poverty are also weighted equally within their respective component.

Additionally the components of education and living standards are disaggregated and only focus on the poorest fifth of the UK; stemming from Webb's intention for a national minimum. After all if the index suggests that the UK's poorest citizens are living longer and learning more then the level of prosperity for the whole UK is either at the level suggested by the index or, more likely, even higher.

⁹ The Poverty Site. *Concentrations of Poor Children* <http://www.poverty.org.uk/19/index.shtml?2> (accessed 9.10.11)

¹⁰ Barnardos. *What causes child poverty?* http://www.barnardos.org.uk/what_we_do/our_projects/child_poverty/child_poverty_what_is_poverty/what_causes_child_poverty.htm (accessed 11.10.11)

The remaining components of the index are not disaggregated as they are not as directly affected by income.

The issue of poverty can be promoted by this index in the same way as the HDI. The minimum value possible is 0 and the maximum is 1. If the number given by the index increases one year then poverty, as defined by the components that make up the index, has decreased. Politicians hoping to increase the index number could only do so by increasing how long we live for, getting people back into work, improving access to education or tackling the causes of child poverty.

To conclude, this poverty index is designed with Beatrice Webb's initial vision. However it also recognises that she worked at a time when poverty in the UK was of an absolute nature. Her insight into the UK system with the Minority Report helped to recognise that the poverty people were experiencing was structural and it was up to the state to change it. She helped create the ideas that were behind the welfare state and the universal healthcare system. In doing this she achieved the structural change she had intended and it is because of her efforts that the index suggested in this essay is so particular to the UK. Not many countries can boast being a welfare state, having universal healthcare and a minimum wage. If Webb were alive today to compile her own poverty index for the UK she would probably smile at how UK citizens can keep out of the workhouse and not worry about the Poor Laws, that is, before turning her attention to the problems of child poverty and social cohesion.