If the UK government is serious about abolishing poverty and creating an inclusive society, the essential first step is to answer the question ‘how much is enough?’ It must discover the income level at which poverty is no longer experienced and ensure that nobody’s income falls below that level. Poverty will be eradicated once people have sufficient means to participate fully in the larger society – enough to choose what the majority of the population considers to be minimally decent and inclusive lifestyles.
A century ago, when Sidney and Beatrice Webb published their Minority Report to the Royal Commission into the Operation of the Poor Laws, the dominant concern about poverty was how to tackle what were perceived as its causes, including the inadequacy of wages. Seebohm Rowntree’s recently published *Poverty: A study of town life* (1901) had revealed that low pay was insufficient even for physical subsistence, let alone avoidance of poverty. The Webbs referred to income adequacy obliquely in their report: ‘The first requisite is that all persons in distress from Unemployment should be provided with maintenance, so that they and their families may be kept *in health and strength* . . .’ and they recommended that ‘all mothers having the charge of young children, and in receipt, by themselves or their husbands, of any form of Public Assistance, should receive enough for the *full maintenance* of the family . . .’.1

Ideas about what poverty is have changed much in the subsequent century, from the physical to the social and from the class stratification of standards taken for granted until the mid-20th century to the claims of equal rights and social inclusion of the 21st. But the underlying problem remains now as then: *how much is enough?* This chapter argues that answering this question is a prerequisite for all attempts to abolish poverty in the UK and shows how it can be done. If you cannot identify the target, how can you aim at it?

**Defining poverty**

Poverty is generally discussed as a large and complex phenomenon, and there are many opinions about what it is and how it can be identified.3 Common to them all – and distinguishing poverty from broader ideas of social inequalities and exclusions with which it overlaps but is not identical – is the core idea that it refers to a lack of power over disposable resources which are needed to enable individuals, families and communities to take part and be included in the larger society in which they live, to the standards that are considered minimally adequate by that society.4 In modern consumer societies like that of the UK there is no doubt that the most important resource in question is an adequate flow of disposable cash income. Income flows can come from all the usual sources such as wages and salaries, pensions and benefits, but also from stocks of wealth such as interest on savings and dividends from investments. They can also come from intangible resources such as the value of education in the labour market. What matters

2 Ibid p 327 (emphasis added).
here is the income flows that people can make use of, so they also include tax allowances and credits. Government has power over many aspects of people’s disposable incomes, both rich and poor.

Poverty in the UK today does not just mean living on means-tested benefits. It is also experienced on low wages, even at minimum wage rates, and is worsened when government burdens very low incomes with low tax thresholds and taxes on goods and services. No amount of argument that poverty has other meanings alters the fact that in common usage it comes down to people not having a large enough flow of disposable income to allow freedom of choice: freedom to buy what is needed to be included in society and to live according to the lifestyles which the majority of the population considers to be minimally decent and respectable. ‘Freedom of choice is part of essential freedom,’ as William Beveridge wrote about his recommendations for social insurance benefits in 1942, and he meant that even the poorest people should have a sufficient income flow to be able to exercise it. So a core feature of income adequacy is that it allows people the same freedom to make their own choices—limited, perhaps, but nevertheless personal choices—about minimally decent and inclusive levels of living as anyone not considered to be poor can make; such adequacy is not a matter of having what some politician or official has decided is the maximum benefit that government wants to pay. This fact is even more obvious when we consider that people are not described as being in poverty when they do in fact have enough money to choose not to live deprived lifestyles, even if they appear deprived. What ordinary people mean by poverty is not having enough money to buy their way out of the material, social and psychological consequences of deprivations and into social inclusion.

How much is enough?

So how much income is enough? When we think about individual incomes, we assume a context such as that in UK society at present. But clearly there are also many collective resources which help people escape poverty but which we do not expect them to have to buy from their disposable household incomes. For example, in some countries health services and childcare have to be paid for, while in others they are free; taking such variables into account, it is clear that it is the interaction between individual and collective resources that pushes people into poverty or enables them to escape from it. Similarly, low pay in the labour market can trap people in poverty, just as higher pay lifts them out of it, so it is the interaction between labour market demand (which means the employers’ perceptions of profitability) and working and household conditions that determines whether people can earn enough to escape poverty or not; it is not a matter of a person’s skills alone. Such examples can be multiplied, but what is common to them

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all is this: under any given set of such interactions, there are income levels that are too low to enable people to live a minimally inclusive life in society, and there are levels that are just sufficient without being generous.

Governments have economic as well as political interests in discovering income adequacy levels. Many social evils that cost taxpayers vast sums, such as the consequences of ill-health and crime, are correlated with the income inequalities of which poverty is an extreme form. There is evidence from across the globe that less material inequality in a country, with fewer people being excluded by poverty, correlates with lower rates of many of these social evils. In the longer term, governments concerned about social evils must take steps to discover at what levels of household income these evils diminish before they can target policies appropriately.

Politicians promote headline initiatives to abolish child poverty, but for electoral as well as ideological reasons, they avoid threatening the dominant structures of social inequality. In that context, a deliberate fuzziness about which of the many manifestations of poverty is to be attacked is politically expedient and functional. The language of abolition sounds purposive, but the real issue is not just the public image of action but the degree to which that action actually contributes to abolition. If governments genuinely want to move towards abolishing poverty, they must be precise about their target idea of poverty and be able to measure the extent to which the policy impact is effective. If their target idea of poverty is the reality of lives excluded by inadequate incomes, then raising household incomes to 60 per cent of the median or above will not solve the problem if, as the research suggests, there is evidence that this is still not enough to overcome the experienced problems of poverty.

Who knows best what poverty is?

Who knows best what poverty is – politicians, officials, academics, or the people who fear it or who experience and suffer it? In the UK, government uses several measures to assess poverty and inequality and to set welfare benefit levels, but its statistical surrogates for poverty do not reflect it appropriately because they do not relate to real levels of living which ordinary people judge to be adequate or not. Not only does government fail to discover what the population itself sees as poverty – or rather, what it identifies as a minimally adequate level of living; but it does not identify the income levels at which people do not, on average, suffer from the consequences of poverty. Yet the key question which must first be answered is about the level of living at which social inclusion

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is possible and the effects of poverty are avoided. Only when that is answered can we start to consider what individual incomes and collective resources are needed to support such a level of living and at what income levels people actually achieve it in practice and not just in theory.

People living in poverty as society identifies it can speak of their experience, but there are also larger aspects of poverty which are not picked up by individual accounts. These larger features are revealed by population statistics and the correlations between personal income inequalities on the one hand, and indicators of deprivations, ill-health and other aspects of what wider society identifies as social evils on the other. Examples include (but are not limited to) greater ill-health and premature mortality; nutrition which fails to reach the levels laid down by experts as the minimum in terms of recommended daily allowances for essential dietary components; inability to reach educational levels commensurate with individual potential; and alienated and antisocial behaviours and their consequences in harm and crime.

The belief that there is a clear-cut line between poverty incomes with deprivations and higher incomes without them is a widespread misunderstanding. The reality is that there may be no one-to-one relationship between low income and deprivation of specific necessities. Rather, over the population as a whole, there are clear correlations between lower incomes and higher incidences of these deprivation indicators and social evils – correlations so strong that the causality cannot be explained away. For various reasons government may wish to abolish these social evils. It may believe that everybody has a right to be protected against them, as many of the international declarations and conventions on recognized human rights assert. Or it may simply want to save public expenditure on the expensive consequences that flow from such evils. Either way, if government is to act effectively, it must find out at what income levels, on average, the incidence and distribution of indicators of social and personal deprivation are no longer significantly correlated with income.

Thus there are three sets of people who know best what poverty is: the population as a whole, which knows what a minimally adequate level of living for social inclusion is; people in poverty, who know what is not adequate for participation; and statisticians of social and natural sciences, who know what the correlations are between low income and aspects of deprivation and exclusion. Social research methods can capture and collect these different kinds of information, but politicians do not have a privileged position to make expert judgements about any of them, even if they have personal experience of one kind or another. They should therefore consult specialists in the field and act in accordance with their advice.

Governments have repeatedly dismissed the evidence that would allow them to identify the income levels at which people are able to participate in society, on the

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8 See, for instance, J Mack and S Lansley (1985) *Poor Britain*. London: Allen and Unwin. This aspect of social statistics has been known since the publication of Emile Durkheim’s 1897 study of suicide.
grounds that ‘the experts don’t agree’. Studies of benefit adequacy carried out by their
own officials in the 1960s were soon ignored and eventually suppressed because they
contradicted the government view that such studies were unfeasible. Instead, as the
record shows, governments since the 1930s have either set benefit rates for the popula-
tion of working age beneath the levels of low wages which employers claimed were
the maximum they could profitably pay; or they have set them on public expenditure
grounds (‘that is all we can afford’). They then claim that such rates provide ‘what you
need’ to live decently. Government ministers who have repeatedly quoted this menda-
cious mantra since the welfare reforms of the 1980s have confused what certainly is
necessary with what is also demonstrably insufficient.

How can the poverty people experience best be measured?

Two kinds of income poverty need to be identified and measured: (1) the calculable costs
of achieving the minimum standard of living; and (2) the levels of income at which it is
achieved in practice.

1 What is the 'acceptable minimum standard of living in Britain today', one which 'is more
than just food, clothes and shelter' but 'is about having what you need in order to have the
opportunities and choices necessary to participate in society'?80

This question can best be researched under scientifically controlled condi-
tions by representative samples of the population arriving at agreement through group
discussion, combined with the advice of experts in subjects such as nutritional and
domestic sciences and housing and environmental standards. This research method is
a sophisticated version of what is known as the budget studies approach to poverty lines
or minimum income standards.81 It is based, however, on what representatives of
the population working with experts think, and not on politically expedient prescriptions
for asocial austerity. It is the method successfully used in several places in the UK in
2008 and again in 2009.82

The question that follows is what income levels are needed (allowing for dif-
ferences in the size, composition and location of households) to achieve the minimum
standard. The goods, services and activities in the notional ‘shopping basket’ were
priced in standard local supermarkets and similar places.83

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81 For the difference between poverty lines and minimum income standards, see Veit-Wilson (1998)
83 For details, see the research reports on the Joseph Rowntree Foundation’s Minimum Income Standards
It should be noted that to avoid prejudicing the results the term ‘poverty’ was not used in this research project. Instead, the discussions focused on minimum standards adequate for everyone. But when the final minimum incomes had been calculated, respondents were asked if they would remove any items from the list of what is essential for everyone ‘if told the Government was unable to raise incomes to the level of the standards. Without exception, participants argued strongly that people would not be able to have the minimum acceptable standard of living if the budgets were cut’.14 Anything less would mean poverty.

2 At what levels of income, on average, do individuals and households manage in practice to avoid both the social and the material deprivations which the minimum acceptable level of living identifies?

This is the research question first investigated by the national survey of poverty in the UK carried out by Peter Townsend and his colleagues in the 1960s.15 The methods have since been refined and used in many further surveys in the UK and elsewhere.16 Scientifically reliable social surveys discover what the population itself defines as social necessities (things that nobody should be deprived of by lack of income if they want them), while experts identify minimum physical needs such as nutrition and then discover statistically the household income levels at which the deprivations are avoided in practice and the material needs met.17

In addition to these two kinds of measurement, the income poverty associated with certain kinds of inequalities should also be identified and measured. Large-scale statistical surveys by clinicians – experts in epidemiology and in the distributions of other social phenomena – may reveal the differences between the individual variations in mortality and morbidity rates normally expected in a population and greater collective variations which can be ascribed to income factors which governments should address.18

What should government do?

Government should enable and support the research needed for each of these approaches to be carried out on a robust, reliable and regular basis, so that both policy-makers and the population are kept fully informed of the findings and the income targets to be achieved. The research methods for the two approaches are not new – they

17 This has been done by government for nutrition but still not published half a century after Townsend called for it. See P Townsend (1954) ‘Measuring poverty’ British Journal of Sociology 3(2) 130–7.
18 This is not the same issue as the evidence that the fact of inequality itself causes some social evils.
have been widely tested and used and have generated valuable published findings – but they have been carried out in separate projects and do not reveal identical findings about income boundaries between deprivation and adequacy. Indeed, we would not expect total agreement in separate scientific research findings over such a broad field and expanse of time, but it has allowed reluctant governments to dismiss the findings on the grounds that neither the methods nor the experts agree. Yet for all the politicians’ casual dismissal of such research as merely subjective opinion, it is no less scientifically objective, replicable, testable and refutable (in Karl Popper’s test of the scientific method) than the array of subjective public opinion polls, often disagreeing with each other, which governments eagerly treat as reliable fact to influence their decisions.

The opportunity for government to act constructively is now open. The Child Poverty Act 2010 provides for the establishment of a child poverty commission to advise government. This new body will have to be consulted in the preparation of any government strategy for the abolition of child poverty and its recommendations taken into account.\(^*\) It is vital that this new commission is empowered and given resources to review the evidence from social and natural science sources and to commission further research as necessary. It should then ‘triangulate’ these various findings, not in the simplistic sense used by some politicians but by analogy with surveying (from which the metaphor derives): it should take several fixed points from which the scale of unknown features can be judged. In the case of minimum income standards, this means using judgement informed by the facts – and not merely by political expediency – to arrive at recommendations for appropriate and adequate levels of living and their costs. Government should then use these recommendations to set the various tiers of the income maintenance system at such levels as will abolish income poverty. This will encompass minimum wage rates, pensions and tax thresholds for regular incomes over long periods, and the range of welfare benefits for shorter periods.\(^\text{20}\)

Since the 1980s UK governments have often asserted that setting minimum income standards is impossible, but few agree with them. In 2001 the House of Commons Social Security Committee reviewed the question of income adequacy as part of its investigation into integrated child credit; it recommended that the government should fund such research and convene ‘an ongoing working party involving policy makers, academics and other interested parties to assist it to devise publicly acceptable measures of the levels of living needed to avoid poverty’.\(^\text{21}\) Long before that, however, in 1965, the government department responsible for what was then known as national assistance carried out its own in-house study of means-tested benefit adequacy by triangulating different methods. Not only did it find that benefit levels were


inadequate but it proposed changes and recommended regular reviews to keep benefits adequate. The report was never published and was subsequently suppressed by officials to avoid embarrassing ministers who denied the possibility of assessing adequacy, but it is still relevant today.22

Why, indeed, should the UK government think that something is impossible if the governments of some other countries have managed similar systems for decades? They use a variety of methods,23 but what is common to them all is that they are based on some credible idea of a minimum household level of living. Adequate for a shorter or longer period of time, this level is taken as the basis for setting some parts of their income maintenance systems, not just welfare benefits but also pensions and minimum wages. This is what is meant by governmental minimum income standards.

Indeed, it is mistaken to assume that minimum income standards for social inclusion can and should be used only for the lowest levels of means-tested benefits. It is an old ‘social contract’ principle that if people act responsibly towards society by working to maintain themselves and their families, society must for its part guarantee them minimum wages demonstrably sufficient for inclusion in society. Benefits for shorter-term needs might be set slightly lower than this, both because of the belief in differentials and because ‘lumpy purchases’ such as replacement of domestic goods may not need to be made in the shorter period (and can be grant-aided if they must). Research has shown that some countries have treated minimum wage rates as a reflection of their minimum income standards, and then set other benefits in relation to minimum wages.24 But as long as governments insist that wages in work are the way out of poverty, they must ensure that minimum wage rates, together with child and other benefits, are based on the evidence of what it costs to escape poverty.

Conclusion

If government aims to abolish poverty – and the publication of the Child Poverty Bill suggests that the Labour government wants to oblige its successors to do so, at any rate for families – first it must discover the income levels at which poverty is not experienced; then it must ensure that nobody’s income falls below those levels. As long ago as 1776 Adam Smith wrote that no one should be taxed on an income insufficient for necessities (the origins of the tax threshold25); he then went on to describe necessities as ‘whatever the custom of the country renders it indecent for creditable people, even of

24 Ibid.
the lowest order, to be without. 26 He was discussing possessions, but in today’s terms ‘the custom of the country’ includes among necessities access to services, activities and resources necessary for social inclusion. Setting minimum income standards in the manner described here is the only reliable way of discovering what ‘the custom of the country’ is today.

In keeping with the political rhetoric of both Conservative and Labour parties, once satisfactory minimum income levels have been set, many other aspects of poverty and deprivation can be conquered by people themselves living their daily lives with incomes sufficient to take part in society. They can make free choices to meet their socially defined needs, without the need for government to intervene with inefficient means-tested benefits or services in kind which often fail to fill the gaps left by inadequate personal and household incomes. The first step in addressing the problem is identifying it: inadequate income is the central problem of poverty, and credible governmental minimum income standards are the first indispensable step towards the solution. Increasing people’s incomes helps to alleviate poverty, but poverty will not be abolished until everyone has an income at or above the minimum income standard. 27

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27 The author is grateful to Adrian Sinfield for valuable advice on an earlier draft of this chapter.