

What are the implications of attitudes to economic inequality?

Viewpoint
Informing debate

June 2009

The Joseph Rowntree Foundation (JRF) commissioned the Fabian Society and Institute for Public Policy Research (IPPR) to explore and analyse attitudes towards economic inequality, the political debate around it and attitudes to tackling inequality. This set of three *Viewpoints* offers responses to this work from three different perspectives.

The research forms part of a JRF programme on public interest in UK poverty. The programme has considered public attitudes, how poverty is debated and what is successful in building public support for action on UK poverty. See www.jrf.org.uk/work/workarea/attitudes-poverty

The Fabian Society research – *Understanding attitudes to tackling economic inequality* – examined public attitudes to economic inequality and how a consensus might be built around tackling poverty. The IPPR research – *Political debate about economic inequality* – examined the ways in which politicians from the five main political parties frame and discuss economic inequality.

As part of its *Viewpoint* series, JRF asked representatives of three organisations for their responses to the research.

Brendan Barber, General Secretary of the Trades Union Congress (TUC), argues that in order to persuade a large part of the public to tackle prejudice and discrimination against people in poverty we must appeal to egalitarian values.

“Many of us will remember the first time we acted out the principle of ‘never let a racist comment go unchallenged’; perhaps we need to take that first step next time we hear a joke about ‘chavs’.”

Eileen Devaney, National Co-ordinator of the UK Coalition Against Poverty (UKCAP), believes we need more effective communications to build greater support among the general public for reducing poverty and inequality.

“... the research indicates that when people are presented with full information on how the benefits system works, there is strong support for a more progressive approach.”

Philippa Stroud, Executive Director and co-founder of the Centre for Social Justice, argues for a new approach that looks beyond economic inequality to the social factors that prevent upward mobility.

“By focusing on income distribution alone ... we ignore the things that give meaning to life ...”

The politics of income inequality

Author: Brendan Barber, General Secretary, TUC

One of the characteristics of modern politics is that every discussion about social ideals includes, at its heart, a discussion about equality. Everyone with a view on what characterises a good society will, as Amartya Sen pointed out, demand equality of *something*, something they think is important (Sen, 1995). When we talk about liberty, we assume that liberty should be spread equally. When we talk about civil rights, it is taken for granted that reforms must be in the direction of equal rights. In the modern world, we cannot bear to think that the good life is only for certain people.

Those discussions have broadened our understanding of equality: one of the achievements of the Left has been to persuade more and more people that race, gender, sexuality, age and disability are dimensions in which unequal distributions of resources are not acceptable. In just a generation, we have progressed from seeing the poverty of disabled people, women carers and minority ethnic groups as natural to finding it almost impossible to justify.

But, at the same time as politics has taken this massive leap forward, income inequality has grown and grown, especially in Britain. In 1979, the average income of people in the 90th percentile of income distribution was 3.3 times as high as the average income of people in the 10th percentile.¹ By 2007, that ratio had grown to 4.4; during the same period, the Gini coefficient measure of inequality grew by two-fifths.² The Institute for Fiscal Studies (IFS) has described the change in the 1980s as “unparalleled both historically and compared with the changes taking place at the same time in most other developed countries”.³

Public beliefs and the politicians' response

If a concern about equal distribution is one of the characteristics of the modern world and the distribution of income has become much more unequal, why haven't politicians who want to do something about this been more successful? Even if the politicians were relaxed about inequality, if the electorate wanted massive redistribution, surely they would have voted for it by now? During the last 30 years, every egalitarian must have asked themselves at least once:

“Why isn't everyone else as angry about this as I am?”

The most important thing about the Fabian Society and IPPR research is that it enables us to attempt to answer this question.

Some of the evidence about public attitudes has been building up for a long time, especially in the annual British Social Attitude (BSA) surveys. Earlier work for JRF (Orton and Rowlingson, 2007) noted that the way in which the issue is framed is very significant. Depending on how the question was asked, the 2004 BSA report found that the proportion who thought there was too much inequality in Britain varied by 20 percentage points.⁴

In each case, however, a majority said there was too much inequality. But, when asked whether it was the Government's responsibility to reduce differences in incomes, only 43 per cent agreed; when asked whether the Government should redistribute income from the better off to the less well-off, just 32 per cent agreed and over 40 per cent disagreed.

This political paradox – most people think there is too much inequality, but only a minority think the Government should do something about it – has been a challenge to anti-poverty campaigners at least since the Fabian Commission on Life Chances and Child Poverty raised it as an issue in 2006.⁵

This is why the new deliberative research⁶ is so important, and takes us a lot closer to understanding how a large part of the electorate sees inequality. If we want to reach them we are going to have to learn to appeal to an egalitarianism that is rather different from what we have argued for in the past, and which engages with the issue of reciprocity. We are also going to have to work out how we respond to popular beliefs in the existence of fair opportunities and social mobility.

The first point to make is that people see themselves in the middle of the income spectrum and they make judgements about the rich and the poor from that viewpoint: while 59 per cent said they thought that poor people “have a really tough time overall”, 79 per cent thought that applied to people in the middle.

This perspective affects judgements about inequality: when asked about income gaps, people were more likely to think about the gap between the rich and the middle than about the gap between the middle and the poor. Although this may be changing because of the recession, and the ‘super-rich’ were an exception, the participants in the Fabian research were happy for people to get high rewards if they felt they were deserved.

People were happy to sympathise with rich people. A fascinating example of this sympathy was the way in which, presented with rich fictional characters, they would sometimes invent new facts about them to justify their high incomes – assuming that they had got on by working hard or taking on extra responsibilities.

Facing the other way, the participants had a much more negative attitude to people on low incomes. There was a sort of mirror image of the attitudes to the rich: when asked to explain the position of fictional characters who were poor, they would refer to stereotypes about benefit claimants – both rich and poor were where they were because of their personal behaviour.

These attitudes to the opposite ends of the income spectrum seem to reflect two important beliefs. The first is that opportunities for success are readily available – the rich had taken advantage of them and the poor had not. The second underpinning belief is in ‘fair inequality’ – that the rich deserve more because they contribute more to the economy and to society and that we all benefit as a result. Equally, people on low incomes, especially those living on benefits, are thought to be unlikely to make a reciprocal contribution, and therefore do not deserve even the support they do receive.

The IPPR report suggests that politicians have responded to these beliefs, but made very little effort to challenge or change them. An analysis of speeches and newspaper articles by politicians from different parties and a series of interviews revealed “a strong cross-party emphasis on the principles of equality of opportunity, social mobility and fair reward for hard work”.

Some Labour and Liberal Democrat politicians combined this with a case for greater economic equality, “using arguments about the intrinsic need for a more equal society and about the instrumental benefits equality would have for the economy and for social cohesion”. This is important, as the report found that politicians from all parties thought “issues relating to poverty and social justice were the new political battleground”.

Developing new strategies for the future

Among non-politicians with a concern for equality, one can sometimes detect a rather superior belief that political leaders are out of touch with an electorate that wants them to do more to redistribute income.

One of the strengths of the Fabian research for JRF is that it shows that the stance revealed by the IPPR research is actually a lot closer to the views of the electoral middle ground. If one were designing a manifesto to appeal to the electors who took part in the Fabian research, one might well include a declaration of loyalty to “the principles of equality of opportunity, social mobility and fair reward for hard work”.

A more powerful challenge would insist that the point is to change the world, not to interpret it. This research suggests three lessons that we can take on board.

1. Responding positively to reciprocity

Reciprocity – or mutual exchange – is an egalitarian value. Most trades unionists will share the belief that contributions should be fairly rewarded and that free-riding should be punished. Of course, reciprocity is not the only egalitarian value – it needs to be combined with generosity towards people who need help at the point when they need it. A strong argument can be made that this combination of values is entirely consistent with majority attitudes.

In the United States, Samuel Bowles and Herbert Gintis⁷ and others have argued that human beings have evolved to possess two motives for social behaviour that influence attitudes to co-operation and sharing – strong reciprocity and basic needs generosity. Evidence from fields as diverse as anthropology, genetics and behavioural economics suggests that human beings are not motivated purely by self-interest as the neo-liberalists would have us believe, but animals who are fundamentally attuned to social existence.

We care about the regard in which others hold us – making extreme status differentials and relative poverty highly stressful. We care about how others feel and behave, and our initial response to need is one of generosity. We have also evolved to watch out for those who would take advantage of this generosity, giving us a strong feeling of injustice when this happens – we will cut off our noses to spite our faces to punish free-riders.

This model is a congenial one for unions. The trades union movement has never argued for a welfare state that offers an unconditional income to those in need. We have always, for instance, believed that a fair return for a benefit for unemployed people is that the people who get it should be looking for jobs in good faith. The principle of generosity demands a decent benefit – paid at a higher rate than the current Jobseeker's Allowance – but with strong rules to prevent abuse.

This sounds very like the Government's mantras – “balancing rights and responsibilities”, “work for those who can, security for those who cannot”. Perhaps critics of the Government will have to accept that they are right – at least on this point. The TUC has never had a problem with the idea of balancing rights and responsibilities, we only wish there could be a proper debate on what a fair balance would look like – it must, surely, involve raising benefits to a level that you can live on.

2. *Joining the debate on mobility*

The Fabian research identifies a belief in the reality of social mobility (the movement between social classes within one person's lifetime or from one generation to another). One response to this would be to do more to promote awareness of just how little mobility there is in this country. A comparative study of intergenerational mobility, for instance, found that “America and Britain have the highest intergenerational persistence (lowest mobility). Germany is around the middle of the estimates, while the Nordic countries and Canada all appear to be rather more mobile.”⁸

Indeed, the evidence seems to suggest that mobility is actually quite strongly linked to equality. In 2007, the Organisation for Economic Co-operation and Development (OECD) published a very thorough study (D'Addio, 2007) that found that states with a high Gini coefficient (measure of inequality) tend to have low mobility: the Scandinavian countries are at the high equality/high mobility pole, Britain, the USA and Italy at the low mobility/low equality pole.

3. *Countering the poverty stereotypes*

A final element of a political strategy that responded positively to the Fabian research findings would be to take on the stereotypes about people in poverty. The deliberative polling for the Fabian report, and an earlier exercise for the Fabian Commission on Life Chances and Child Poverty, revealed the hold that these stereotypes have on many people's imagination.

A JRF report published last year (McKendrick, 2008) looked at how newspapers and television depict poverty, and found that dramas showing people in poverty tended to present a sanitised version of poverty, in which characters rarely suffered real hardship. Focus groups, when asked what people remembered of media coverage of poverty, tended to be dominated by stories about ‘scroungers’.

But taking time and making an effort to probe more deeply can make a difference. The research also found that stories which challenged stereotypes and investigative reports were journalistically difficult, but could be extremely effective.

Building a new anti-poverty politics

I began by claiming that a concern with equality is the defining characteristic of modern politics. Does this research show that this view is mistaken?

I think not; the instinct for reciprocity brims with potential for egalitarians.

Some egalitarians may be uncomfortable with the possibility that the politicians are actually quite close to popular attitudes, possibly closer than some of us, but perhaps we need to revisit some of our own assumptions.

One of the immediate tasks is to join in the debate on social mobility. This will involve winning a broader understanding of the reality of mobility in Britain at present. There may be opportunities we have not anticipated – many politicians are aware that social mobility has declined or stalled in this country, and would be willing to join us in a debate about how to reinvigorate that process.

Finally, there is the challenge of negative stereotypes of people in poverty. At the start of this essay, I noted how the recognition of racism, sexism and other forms of discrimination was one of the Left's greatest recent successes. That process – still unfinished – began with the victims of prejudice challenging the situation they were in, and with their allies throughout civil society raising a clamour against examples of bigotry and discrimination.

We need to begin the same process of forceful enlightenment with regard to social prejudice and discrimination against people in poverty. A task for organisations, but also one that faces us as individuals.

Many of us will remember the first time we acted out the principle of “never let a racist comment go unchallenged”; perhaps we need to take that first step next time we hear a joke about 'chavs'.

About the TUC

With member unions representing over six and a half million working people, the TUC campaigns for a fair deal at work and for social justice at home and abroad.

www.TUC.org.uk

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Endnotes

- 1 House of Commons Library (2008) *UK income inequality (with international comparisons)*
- 2 The Gini coefficient rose from .253 to .353.
- 3 Brewer, M., *et al* (2008) *Poverty and Inequality in the UK: 2008*, IFS Commentary No. 105, p. 27. London: Institute of Fiscal Studies
- 4 The proportion ranged from 53 per cent to 73 per cent.
- 5 Fabian Society (2006) *Narrowing the Gap*. London: Fabian Society
- 6 Deliberative research involves asking small groups to discuss the position of various fictional characters in a number of scenarios.
- 7 See, for instance, Bowles, S. and Gintis, H. (1998) *Recasting Egalitarianism: New Rules for Markets, States, and Communities*, London: Verso
- 8 Blanden, J., Gregg, P. and Machin, S. (April 2005) *Intergenerational Mobility in Europe and North America*, CEP/Sutton Trust, p. 6

Addressing the social costs of widening income gaps

Author: Eileen Devaney, National Co-ordinator, UK Coalition Against Poverty

Research has revealed that a clear majority of the UK public does not like the current levels of inequality, but at the same time many do not support measures to reduce inequality (Orton and Rowlingson, 2007). What is interesting in the new research by the Fabian Society is that respondents placed themselves in the middle of the income range, regardless of their actual income and whether they fell into lower or higher income brackets. This subjective view may have had a significant impact on previous research findings. The general consensus of the public found in the Fabian research seems to be that 'fair inequality' is acceptable as long as those at the top end of the income spectrum – beneficiaries of that 'unfairness' – are hard-working and hold responsible positions.

Participants expressed views about the income gap in terms of the gap between themselves (their perceived middle) and the super-rich, and considered that gap and inequality in terms of materialism and consumerism. While the super-rich did attract condemnation, they were also seen in a number of scenarios as deserving those high salaries on the grounds that they had worked hard for them and held positions of great responsibility. Those on low incomes who attracted sympathy were carers – i.e. deserving not in terms of income, but in terms of entitlement.

The findings also show judgemental attitudes and stereotypical images of people living on a low income. The rich, even where their salaries were considered far too high for what they did, were given some support by way of recognition of fair inequality. The poor, however, were often blamed for their own situations and were seen as non-contributors and feckless. There is little recognition that inequality disables many people from accessing education, decent jobs and social mobility, although some – such as those who did voluntary work or were carers – received sympathy and were recognised as needing support through policy. This would suggest a hierarchy of the poor.

The political respondents who participated in the IPPR research concentrated on related issues of poverty and social mobility rather than on the economic gap between richer and poorer people. They also focused on people on low incomes with little discussion about the very rich. Respondents to both pieces of research emphasised the principle of equality of opportunity, social mobility and fair reward for hard work.

Much of the above reflects views found in JRF-supported work by Ipsos MORI (Castell and Thompson, 2007) and UKCAP (UKCAP, 2007). These found that people's attitudes were linked to their own experience of poverty combined with their broader view of the role of society, the state and the individual.

The experience of poverty

An example of the experience of poverty by a member of UKCAP is related below.

J is a single adult living alone who is a chef by profession and has experience of poverty and exclusion.

"I live in a relatively poor neighbourhood and within the community here there are so many different faces of poverty or examples of people dealing with it in their own way. I was homeless for a year and once housed felt like I had won the lottery. But in reality it took me another three years before I had a home. All furniture from charity shops, along with clothing and shoes. Now try and get a bank account. Impossible to get a current or a debit account so all bills have to be paid by payment card or at the post office with a £3 to £5 charge on top."

Poverty among working-age adults without children has *increased* over the last ten years. They are now the single largest group of poor people. Their welfare benefit values have declined by 20 per cent relative to wages.¹ This is because increases in benefit levels for working-age families have been in the 'child' element rather than the 'adult' element. The fewer the children in the family (or if there are none at all), the lower the increase in the benefit level.

The reality is that living on benefits forces people to make the most unfair and unequal 'choices':

"I go through periods, especially towards the end of the week, before I will get money again, sometimes not going out at all, sometimes by not even eating. Maybe I get a pint of milk or so and a bit of porridge, and more money would help but then what is a comfortable amount of money to live off, something like £80 odd a week if you're lucky? It doesn't really go anywhere."

**Participant in ATD Fourth World 2008
(anti-poverty organisation)**

Does public debate reflect reality?

Public debate regarding anti-poverty policy and inequality does not reflect the reality of UK poverty and inequality. This is most clearly seen in attitudes towards those in receipt of welfare benefits. A welfare rights adviser from Knowsley, Merseyside, recently informed UKCAP that new claimants, made redundant due to the credit crunch, were surprised at the low level of Jobseeker's Allowance they are entitled to (£60.50 a week as at 2008 figures). This contradicted their widely held belief that people receiving out-of-work benefits had been living 'off the system' for years. Unfortunately, this view still persists among a high proportion of the general public.

By contrast, in-work benefits were considered entitlements as the recipients were working but on low pay. Those in work are seen as 'contributors'; those out of work are not. However, the research indicates that when people are presented with full information on how the benefits system works, there is strong support for a more progressive approach.

Both pieces of research – with the public and with politicians – showed little or no recognition of economic differences between particular social groups. The exceptions were in terms of young people and pensioners, while the politicians also mentioned gender. However, no discussion seems to have taken place regarding migrants, different ethnic groups and asylum seekers/refugees.

There is clearly a need for more awareness of the vulnerability of different groups to poverty.

Public attitudes and equality of opportunity

The research with the public indicated little awareness that social mobility is not available to everybody. UKCAP experience indicates that if a person, family or household is living in poverty, they effectively have no equality of opportunity. Poverty is not just the lack of money in your pocket; it is the lack of access to quality services and disadvantage in the workplace, in housing services and at school.

There is also a general perception – as picked up in the research – that those on benefit do not, and will not, contribute to society. Members of UKCAP who are lone parents feel they are in a no-win situation in terms of real and perceived attitudes towards them when it comes to benefits and work. Government policy – with its emphasis on work as the solution to poverty – seems to presume that any job is better than no job. But the difficulties in finding good, flexible, affordable childcare are in some cases insurmountable.

The Government has implemented policies and targets to help lone parents off benefits and into work, but the core support needs are not being met adequately. Children are disadvantaged at school as their parents do not have the means to pay for school trips, uniforms and other 'incidentals'. Plus, due to the stigma, the take-up rate for free school meals is well below that of those who need them.

"My 13-year-old, he doesn't have a jacket. At the moment he's just wearing a blazer to go to school. I have to find him a jacket."

ATD Fourth World Participant 2008

Government communication

The Fabian research identifies a desire among the public for greater debate on the values driving society. UKCAP believes the Government must take the lead in telling the public about the social costs of widening gaps in income and wealth and persistent discrimination against minority groups. Policies must address the structural causes of poverty. At present, rhetoric is too focused on addressing the individual behaviour of disadvantaged people on low incomes. UKCAP believes the best way to combat poverty and inequality is to prevent it by implementing universal preventative policies. The research shows there is public support for some progressive policies.

Finally, the Government must now recognise the impact of the recession and what is happening to poor people who are the worst affected and least able to cope with the effects of the recession.

Policy development and change

UKCAP believes the following measures are needed to address poverty and inequality in the UK.

Working partnerships:

Government, local councils, the private sector, the voluntary/community sector and the TUC, all with equal value, should look at local circumstances rather than nationwide policies and programmes.

Benefit system:

There should be:

- a review of Jobseeker's Allowance rates and benefit levels to ensure they keep pace with rising fuel and food costs;
- an increase in benefit disregards so people can try out work without having to break the law;
- a revision of the 16-hour rule to enable more people to undertake training while receiving benefits; and
- a moratorium on certain elements of the Welfare Reform Bill (e.g. sanctions).

Income adequacy Benefit maximisation campaigns should be introduced and co-ordinated by the Government in partnership with the voluntary/community sector. In 2006/07, there were £6 billion in unclaimed benefits that, if claimed, would certainly bring about a fiscal stimulus. The national minimum wage should continue to be increased to the level of a living wage.

Voluntary/community sector Increased investment in the sector and the social economy will promote the involvement of people experiencing poverty in all decisions that affect them. Participatory dialogue between all stakeholders will set priorities and must recognise the role of the private sector in redistribution and income inequality.

The above evidence has been gathered from consultation and research reports produced by UKCAP and partners in the Social Policy Task Force.² The Fabian research indicates support for such measures, which would make contributions to society made by benefit recipients more explicit and support people to move out of poverty.

Building public support

The UKCAP report 2007 states: "More effective communications are needed to build greater support amongst the general public for efforts to reduce poverty and inequality." These new research reports indicate specific areas that need to be addressed through communication. The Government needs to lead this process, but civil society can play an important role too.

At UKCAP's AGM, held to coincide with the UN Eradication of Poverty Day on 17 October 2008, participants discussed how best to build more effective communications with the general public. The three main findings are summarised below.

1. Highlight poverty through case studies

Life stories/case studies, dealt with sensitively, could be used to highlight poverty. This would ensure that people on low incomes were included in public debate on poverty reduction.

2. Challenge policy-makers

Links should be built with MPs so they can see what it is like to live in poverty and how the good intentions behind many anti-poverty policy initiatives do not always translate into practice. Policies might be better shaped if people on low incomes were involved in their design and implementation.

3. Highlight practical solutions

Engaging with the media – although time consuming and not without its complications – was seen as one positive way to get a message across, especially when running campaigns about poverty issues, e.g., the benefit maximisation campaign referred to above. Poverty-awareness training among front-line staff in local authorities and housing associations was also highlighted as a useful way to make these staff aware of the barriers people experiencing poverty come up against.

Article 25 (1) of the Declaration of Human Rights states that: "Everyone has the right to a standard of living adequate for the health and well-being of him/herself and of his/her family, including food, clothing, housing, medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his/her control." It is UKCAP's belief that this should be at the heart of all anti-poverty policy in the UK.

About UKCAP

The UK Coalition Against Poverty is an umbrella group of people with direct experience of poverty and organisations from across the voluntary and community sector. Its focus is at the UK-wide level of decision-making. This involves liaising with politicians and senior policy-makers to ensure that the experiences and concerns of UKCAP's membership are incorporated into all relevant policies. UKCAP believes that everyone is entitled to an adequate income and that to have a real chance of eradicating poverty the Government must address income inadequacy and inequality.

www.ukcap.org.uk

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- 2 *Get Heard* (2006); *The National Action Plans on Social Inclusion* (2005 and 2008); *Bridging the Policy Gap Peer Review* (2008).

Inequality, income and a better approach to tackling poverty

Author: Philippa Stroud, Executive Director and co-founder of the Centre for Social Justice

If there is one principle that sits at the heart of everything the Centre for Social Justice believes in it is that poverty is more than the state of one's pocket; it is also the state of one's mind. That is why we welcome the Fabian Society and IPPR studies, but it is also why we must, in the same breath, issue a caveat.

Getting to understand public attitudes towards poverty, and providing real analysis of those attitudes, is key to understanding how perception can create a sense of self-worth and self-esteem.

However, addressing income inequality will never be enough to truly alleviate poverty. To change the attitudes of government and transform the lives of so many of the most vulnerable members of our society, we need a new approach that recognises the social and family breakdown that so often accompanies the economic difficulties faced by the poorest members of our society.

We must recognise that inequality will not be tackled unless we approach these problems, not just from an economic point of view, but from a social point of view.

Attitudes and realities

One of the most striking results from the Fabian research was that those who considered themselves of middle income recorded negative attitudes towards those on benefits until they were confronted with the social barriers to mobility that currently face those on the lowest incomes. It was particularly interesting to read how perceptions of welfare claimants were altered and sympathy was created when the extent of these social barriers was made clear to those who took part. Connection with the very real challenges seems to provoke a human response.

These barriers are real and currently impenetrable. This is the crux of the problem. Many of the barriers have come about because the Government's approach to tackling inequality has been limited to tackling income inequality, while presuming that this was sufficient to tackle the alarmingly low levels of social mobility among the poorest people. This approach has failed.

Whereas a third of private tenants moved home in 2005/06, less than 5 per cent of social housing tenants did so in the same period.¹ Eighty per cent of those living on social housing estates in 2006 had been living in social housing for ten years or more. Nationwide, one in eight house moves is related to work, but only a few thousand social tenants out of nearly 4 million move for work-related reasons.² You can increase the income levels in many estates, but will you change attitudes or transform prospects or hopes?

By focusing on income distribution alone, we ignore the things that really make many of our social housing estates such difficult places to live in and escape from. We ignore the things that give meaning to life and that do the most to convey social norms and aspirations.

The 'income fallacy' is all the more real when we understand how income works for the very poorest people in society. Streams of income are often patchy among the poorest people, made up of mish-mashes of benefits and short-term wages. Also, as addiction rates are high among vulnerable groups in areas of high poverty,³ income alone will not increase social mobility. Income-based analysis will not take into account what I saw day after day during my time running an addictions charitable project: that equalising income does not generate aspiration, and in many cases provides a vulnerable person – who does not have the benefit of direction or mentorship – with more ammunition to sink deeper into addiction.

These things are all connected: crime, educational failure, debt and family breakdown – the *pathways to poverty*. They represent the true barriers to social mobility and must form the terms of the debate if we are to win the fight against poverty. Now is the time to adopt an attitude rooted in reality and let go of our old dependence on the language of income inequality.

A better approach

A Canadian national longitudinal study following nought to six-year-olds concluded that if you eradicated all child poverty by income, there would be only a 10 per cent reduction in the number of children experiencing behavioural, social, educational and health difficulties.⁴

That is one economic argument for moving beyond income analysis and taking a more sophisticated approach to the economics of poverty. As part of the Centre for Social Justice's forthcoming paper on the benefits system, for example, we have studied how the combinations of tax and benefit transfers produce massive barriers to work for the very poorest people.⁵ We have had experts examine marginal tax rates and the additional money withdrawn from benefits for every extra pound earned. Under New Labour, the poorest people have marginal tax rates as high as 94.5 per cent. Following the latest Pre-Budget Report (PBR) announcement and the 2009 Budget, marginal tax rates for some have broken the 100 per cent barrier. This means that for every extra pound they earn in income, the poorest people lose more than that pound in the removal of benefit. It is actually economically harmful to work.

The social effects of this are devastating. We have interviewed men and women trying to take their first steps back into employment at minimum wage – perhaps doing some casual shift work as a security guard or in a shop. When so many work many hours a week for just a few more pounds, it is no surprise that – as the Rt Hon Iain Duncan Smith MP wrote recently – children on some estates have a name for anyone using low-paid work to get back onto the employment ladder: 'sucker'.

Those who took part in the Fabian research changed their attitudes when presented with some of the facts about the barriers many poor people face. It is our duty to keep confronting the Government until we get it, too, to change its attitude.

Our research has shown that current government policies haemorrhage the aspirations of vulnerable people. A Centre for Social Justice poll for our Housing Poverty report found that 70 per cent of tenants in social housing would like to own their own home.⁶ But what is the point of aspiration if the situation is hopeless?

Here, too, the net is widening. Many more people are seeing their dreams shattered, especially young people who should be full of energy and aspiration. In 1984, 41 per cent of people aged between 20 and 24 were owner-occupiers. By 2003/04, the figure had fallen by more than half, to 20 per cent. Worklessness, especially among young people, is rising in a recessionary world. There are many misconceptions about this group; about their lives and their aspirations. When we make policy, not with reference to these lives and aspirations, but instead with reference only to their corresponding incomes, we do a society a disservice and we perpetuate the fractured status quo.

“Now is the time for revolutions, not for patching ...”

These are the words of the founding father of the modern welfare state, William Beveridge. At the Centre for Social Justice, we believe it is time for the Government to understand that income inequality is only one of a number of factors in the fight against poverty. This point is the heartbeat of the opportunity for real transformation that the coming years will bring.

The Fabian Society and IPPR research provides a vital, thought-provoking analysis of human attitudes towards income and society. For example, the support and sympathy expressed for carers shows a very personal and human attitude to those who give their time for other people. This principle is at the heart of a strong society. That is why we see the role of the independent and voluntary sector as so vital to a new approach to fighting poverty.

In our report, *Breakthrough Britain* (2007), we highlighted the great work of many voluntary organisations and social enterprises that place the individual – not his or her income – at the heart of their approach to fighting poverty.⁷ We listed the many advantages that organisations – from Boyz2Men and the London Boxing Academy to City Gateway and Blue Sky – offer: strong, dedicated leadership; an emphasis on the person who has the need and their circumstances; and an organisation that is untainted by the state 'brand.'

Civil society gets it. Beveridge knew it. He wrote:

“In a totalitarian society all action outside the citizen’s home, and it may be much that goes on there, is directed or controlled by the State. By contrast, vigour and abundance of Voluntary Action outside one’s home, individually and in association with other citizens, for bettering one’s own life and that of one’s fellows, are the distinguishing marks of a free society. They have been outstanding features of British life.”⁸

What Beveridge spoke of was something that makes us human: something that is neither institution nor individual, but rather that exists in the association and warmth between people. In so far as this research captures some of that essence, it is a start. Attitudes are powerful things. But a change in attitude must not be restricted to those on middle incomes: it must also be at the heart of the Government.

About the Centre for Social Justice

The Centre for Social Justice is an independent think tank established, by the Rt Hon Iain Duncan Smith MP in 2004, to seek effective solutions to the poverty that blights parts of Britain.

www.centreforsocialjustice.org.uk

Endnotes

- 1 Centre for Social Justice, *Housing Poverty: From Social Breakdown to Social Mobility* (2008) Ch.2
- 2 Centre for Social Justice, *Housing Poverty: From Social Breakdown to Social Mobility* (2008) Ch.2
- 3 Centre for Social Justice, *Breakdown and Breakthrough Britain, Addictions Paper A* (2006/7)
- 4 *National Longitudinal Survey of Children and Youth*, Canada (1993-present). Statistics Canada
- 5 Centre for Social Justice (2009, forthcoming)
- 6 Centre for Social Justice (2008) *Housing Poverty, From Social Breakdown to Social Mobility*, s2.4
- 7 Centre for Social Justice (2007) *Breakthrough Britain, Ending the costs of social breakdown*.
- 8 Beveridge, W. (Lord) (1948) *Voluntary Action: A Report on Methods of Social Advance*. George Allen & Unwin, p10