

Poverty is the great forgotten issue of the years of prosperity. But it is there and getting worse. Will the labour movement take it seriously?

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Rediscovering Poverty



The Keenan family from Belfast: they all sleep in one room with the fire on all night because of the damp elsewhere in their flat on the Moyard Estate.

Poverty, once again, is on the increase. As long ago as 1979, no fewer than six million people — one in seven of the entire population — were living at or below the official poverty line. Since then, of course, Thatcher's policies have made the situation considerably worse: unemployment has doubled and the incomes of those on social security have been cut; wages have been held down while the tax burden has been allowed to rise. The Government offer no apology for the effect of their policies on the poor: it is necessary, even desirable, that inequalities should increase. Nor, apparently, is any apology needed. There has been no serious challenge to Thatcher's assault on the poor, no public outcry, not even a particularly effective opposition from the labour movement. As the extent of poverty has increased so, it seems, public attitudes towards the poor have hardened. Thatcher has been able to turn this to advantage, making the poor a scapegoat for Britain's economic failure. How should the Left respond?

The rediscovery of poverty

In the climate of increasing affluence of the early postwar years, it appeared that poverty had successfully been eradicated. Full employment had been achieved and Beveridge's Social Security System was newly established. There was a widespread belief that the poor really were no longer with us: Labour's proud boast in 1957 that 'the full employment policies of the postwar Labour government abolished poverty amongst those of working age' seemed to confirm Macmillan's assertion that the British public 'had never had it so good'. These were also years of public tolerance towards those few who had been left behind in the general move towards affluence.

During the 50s and 60s, therefore, poverty slipped from the political agenda. The Labour Party was now more concerned with the technocratic management of the economy, and less with social change. To the extent that poverty was acknowledged, it was seen

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as a problem requiring technical solutions, and one which would in any case disappear as economic growth progressed. Meanwhile, full employment had insulated the trade unions and their membership from the experience of poverty. With the increasing importance of plant bargaining, the first priority of trade unions was the sectional interests of their membership. Poverty was seen mainly as a problem afflicting those outside the labour market, and therefore outside the responsibility of the unions. And so the poor became increasingly isolated from the working class generally. They were now considered very much a sub-group, an underclass.



Housing in Liverpool 7.

The end of the 1960s witnessed the first serious challenge to this pervasive complacency. Academic studies such as those of Brian Abel-Smith and Peter Townsend demonstrated that poverty had stubbornly persisted throughout the period of growth and was now even increasing. The numbers falling below the poverty line had trebled since the early fifties (see Table 1) and now numbered two million. This was the time for the 'rediscovery of poverty' — although, as one commentator has remarked sardonically, we must assume that the poor had known about it all the time, but were too polite to mention it.

The labour movement was unprepared for this re-emergence of poverty. What had previously seemed to be a residual problem facing a few small groups now took on significant dimensions. But the trade unions had lost touch with the poor and were in no position, without significant changes in their organisation and structure, to deal with this wider problem. The Labour Party, also, had given little priority to questions of social policy or equality. They had lost the commitment to change which characterised the 1945 Labour government. Although the Party still had plenty of slogans which could be dusted off for use, precious few policies were available to make them a reality. In the absence of any effective representation for the poor by the organised working class, a number of pressure groups sprung up to fill the vacuum, developing into what later became a distinctive 'poverty lobby'. To some extent, this may have made matters worse, by allowing the labour movement to abdicate its own responsibility for the poor.

Table 1

Estimated numbers and proportions of individuals in poverty 1953-79

	% of population below SB Numbers (in millions)	
1953/4	1.2	0.6
1960	3.8	2.0
1967	3.5	2.0
1969	3.4	2.0
1972	3.2	1.8
1974	2.6	1.4
1975	3.2	1.8
1976	4.2	2.3
1977	3.7	2.0
1979	4.0	2.1

Source: 1953/4 and 1960. Abel-Smith/Townsend
1967 and 1969 Atkinson
1972-9 DHSS
all estimates based on FES

Hardening of attitudes

With the growth in poverty, and with the worsening economic climate which accompanied it from the late sixties, came also a hardening of attitudes towards the poor. It no longer seemed possible to meet the increasing demands for additional welfare spending without threatening the life-styles and the aspirations of the rest of the population. As people found their own standard of living becoming increasingly insecure, the search for scapegoats began. In the mid-70s, a survey of attitudes to poverty carried out by the EEC found an intense degree of hostility and resentment towards the poor in Britain. In comparison with other countries, the British public seemed to be unusually cynical about the nature of poverty. Two thirds of the UK sample still refused to acknowledge that poverty existed at all while, amongst those who accepted its existence, 43% attributed its cause to laziness or lack of willpower — an explanation given by only 25% of the EEC sample as a whole. Fewer people in Britain looked to social

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injustice, rather than the shortcomings of individuals, for an explanation (16% against an EEC average of 26%).

This hostility was not only confined to the relatively well-off sections of the population. The fear and insecurity which accompany poverty also help to create a resentful divisiveness amongst the poor themselves. Continued references to the mythology of the scrounger invite the poor to focus their resentment towards others alongside them at the bottom of the ladder. So as Peter Townsend found in his study of *Poverty in the United Kingdom*, 'some of the poor have come to conclude that poverty does not exist. Many of those who recognise it exists have come to conclude that it is individually caused, attributed to a mixture of ill luck, indolence and mismanagement... In this they share the perceptions of the better off.

The ideology of inequality

How are we to explain this hardening of attitudes towards the poor, even amongst working people and the poor themselves? Certainly,



Mary Hughes from Belfast with one quarter's electricity bill for £272. When the house she lives in was redeveloped the Rayburn boiler was fitted wrongly, so she had to use her electric fire instead.

sections of the popular press and media have been important. They have encouraged resentment and hostility, and they have paraded a regular supply of 'scroungers' and other folk-devils on which this resentment can feed. - But they could only shape, not create, public attitudes towards the poor. We need to look elsewhere for the cause of this cynicism.

It should first be recognised that such attitudes are likely always to be present in a market economy, for which inequality is a driving force. If the rewards of the rich are to be accepted as just, so too must the rewards of the poor. And so a pervasive 'ideology of inequality' develops, to equate riches with success and poverty with failure. At all times this ideology will be sustained by sections of the press and media, by right wing academics and politicians. But its influence and importance in shaping public attitudes will vary with the prevailing economic conditions. Immediately after the war, perhaps as a result of the experience of the 30s and the war itself, the legitimacy of this ideology came into question; with the deepening economic recession and the growth of unemployment in the 70s, however, the ideology of inequality regained a new and wider credibility. The poor and the unemployed were seen to be at least partly to blame, not only for their own plight, but also for the stagnation in living standards generally. No popular alternative model within which working people could interpret their experience had been developed; indeed, the Wilson and Callaghan governments themselves had argued that cuts in social spending were an important means of restoring economic prosperity, even that the move towards equality might have progressed too far.

Taxation and social security

During periods of recession there is always a tendency for divisive attitudes to develop within the working class, unless a very strong alternative ideology is available to encourage cohesion. During the 70s, there were two aspects of the deterioration in the economic position of working people which were especially important in helping to generate renewed hostility towards the poor. The first was the changing burden of taxation. The postwar period witnessed a substantial shift in the burden of taxation. Taxes on the owners of personal wealth and on the company sector declined, increasing the burden on wage and salary earners, especially those on the lowest incomes.² The effect was to intensify working class resistance to social expenditure, which was seen as a direct drain on individual living standards. This resistance was increased still further as a result of the growing burden of national insurance contributions which could easily be identified as the result of 'burgeoning' social security expenditure.

The second factor was the way in which the social security system itself operated. The increasing tax burden might have been tolerated more readily if working peoples' experience of social security had been more favourable. Ideally, social security should be seen as a form of universal collective provision to meet the needs of all individuals at particular points in the life-cycle. Instead it has been geared to the provision of subsistence incomes— a safety net

¹ P Golding and S Middleton *Images of Welfare* Basil Blackwell 1982.

² C Pond 'Taxation: a political liability' *Marxism Today* February 1983.

on which a small minority of the population are forced to depend in times of crisis. Selectivity and means-testing have been used to ensure that expenditure is concentrated on those with the lowest incomes. The stigma that results discourages people from turning to social security, except when there is no other alternative. And when people are forced to resort to it, they find it bureaucratic, unresponsive and undemocratic. So the social security system is seen as having little relevance to the majority of the working population, who resent having to contribute towards its cost.

Poverty and the New Right

The changing popular attitudes to poverty, fostered by the frustrated aspirations of the working class generally, help to explain why Thatcher has not met with more opposition to her policies on poverty and inequality. It would be tempting, but dangerous, to assume that Thatcher has created these attitudes. But on the whole she has been the beneficiary, not the creator, of this climate of opinion. She has, however, sought to condition public attitudes to poverty, to nurture resentment and divisions within the working class, and to encourage hostility towards the poor. How has she gone about this?

The first device has been to deny the very existence of poverty in any real sense. The argument has been put most forcefully by Keith Joseph and Jonathon Sumpston:

'a family is poor if it cannot afford to eat. It is not poor if it cannot afford endless smokes and it does not become poor by the mere fact that other people can afford them. A person who enjoys a standard of living equal to that of a medieval baron cannot be described as poor for the sole reason that he has chanced to be born into a society where the great majority live like medieval kings. By any absolute standard there is very little poverty in Britain today.'³

This argument usefully serves not only to undermine the position of the recipients of social security and the low paid, whose poverty is presented as 'unreal', but also to break the association between poverty and inequality. If poverty is to be considered only in terms of absolute consumption, rather than in relation to the living standards generally enjoyed in the society in which the poor live, then the incomes of the better-off are no longer a matter for legitimate concern.

The second device for the conditioning of popular attitudes towards the poor has been to identify them as undeserving of public patronage and the support of the taxpayer. This theme was pursued, for instance, by Rhodes Boyson, now an education minister, as long ago as the early 70s. In the honestly entitled *Down with the Poor* he argued that the welfare state had created a society in which 'the state spends all its energies taking money from the energetic, successful and thrifty, to give to the idle, the failures and the feckless'.⁴ The poor, then, should be controlled, disciplined, re-educated in moral values and instructed in basic housekeeping. But their demands for increased income must not be allowed in any way to inhibit the creation of wealth or the progress of the successful. The poor are failures, and failure is not to be encouraged. And so we see, alongside the cuts in welfare programmes, a new strain of authoritarianism in their administration: increased controls on social security recipients, fraud investigations, Rayner exercises and availability tests. All this is a process of stigmatising and isolating the poor, to ensure that measures of increasing inequality meet with the least resistance.

If the poor are to be presented as society's failures, so the rich must be adorned as its success. Cuts in taxation for the very wealthiest, alongside an increased burden for the rest of the population must be justified as a means of encouraging incentives, initiative and enterprise which will result in an improvement in living standards for all. But the rich are not to be seen as an

exclusive group — those who have the will and the ability to join them may do so. This is the third device, the argument that Britain is an 'open society'. As Mrs Thatcher has suggested:

'The pursuit of equality is a mirage. What is more desirable and more practical than the pursuit of equality is the pursuit of equality of opportunity. And opportunity means nothing unless it includes the right to be unequal'.⁵

This 'right to be unequal', according to her, has been significantly eroded in recent years causing serious damage to incentives and economic performance. The rich, she claims, have been getting poorer, and the poor richer. She has done her best to reverse this trend, and all the signs are that she has been remarkably successful. Tax changes since 1979 have widened inequalities dramatically. Taxes on personal wealth have been virtually eliminated and the highest rates of income tax have been drastically cut. Only those earning more than £30,000 a year are now paying less direct tax than before the election. While the numbers of unemployed have doubled, the benefits they and other social security recipients receive have been cut. Wage inequalities have also widened: the threat of unemployment has held down the wages of manual workers, and basic protective measures against low pay, such as the wages councils and the Fair Wages Resolution, have been weakened or abolished.

Overcoming isolation

Poverty is once more a major political issue, thanks to the effect of the recession and Thatcher's economic and social policies. On this issue, if on nothing else, her Government should be electorally vulnerable. As yet, this appears not to be the case; Thatcher has benefitted from the increased hostility towards the poor which she has so assiduously encouraged. Her success is that she has been able to offer working people an explanation for their deteriorating economic position which places much of the responsibility on the poor, and seems to have won acceptance for a 'solution' to the nation's economic ills based on increasing inequality.

The climate of public opinion, however, is now changing. The sheer scale of the problem, and particularly the rise in unemployment, has started to call into question Thatcher's simplistic explanations based on individual failure. A total of almost 12 million people — one fifth of the population — were living in poverty or on its margins in 1979 (see table 2) and the number is certainly greater today. It is no longer possible to ignore the structural nature of poverty.

Popular attitudes are likely to be affected not only by the scale, but by the nature of the problem as well. In the 1950s and 1960s it was possible (although probably still incorrect) to identify the poor as a few isolated groups within the population. But a significant proportion of the poor are now the unemployed and the low paid — that is, actual or would-be members of the labour market, the traditional constituents of the trade unions — as well as pensioners

Table 2

Numbers and proportions of UK households/individuals in poverty 1979

	Families		People	
	%	No	%	No
Below SB	5.5	1420	4.0	2130
Receiving SB	10.1	2590	7.4	3980
Below 140% SB	26.9	6920	21.6	11580

Source: DHSS/1982

and single parent families. To put it another way, the poor are now very much part of the mainstream of society and are highly visible.

Helping to break down the isolation of the poor and lessening divisions within the working class is one way in which the labour movement can help to reduce popular hostility to the poor. This will in itself require a major change of attitudes within the labour movement, above all at membership level. But this is now likely, indeed is already beginning to happen, because poverty and the poor affect the labour movement, are part of the labour movement, in a way which was undreamt of in the now long-lost decades of prosperity and growth.

Widening horizons

One of the reasons for the scapegoating of the poor is the tendency, quite understandably, for people to look to those closest to themselves as a reference point in understanding the world. The focus of public imagination must be widened to encourage poverty to be seen in the context of inequality.

By redefining poverty in absolute terms, the Right have managed not only to minimise the apparent extent of the problem, but also to divert attention from the rich at the same time. Thatcher is appealing to a widely held misconception when she asserts that 'the rich are getting poorer and the poor are getting richer.' At the time she took office, the share of income going to the poorer half of the population had not changed since 1948, while, except for the richest 1%, all those in the top half of the distribution improved their share. Moreover, the richest 10% of the population enjoy a larger share of the national income than the poorest half of the population between them. And, even when people think of the rich, they are more likely to mention pop stars, footballers and pools winners. Because wealth is so heavily concentrated, the rich are a remote and invisible group. People rarely comprehend that the great majority of the wealthy (and indeed powerful) acquired their fortunes, not through work or ability, but through inheritance.

The myth must also be challenged that redistribution would be of little benefit to the poor — that the sums involved are too small to make any impact if spread thinly across a broad spectrum of the population. 1% of the population owns a quarter of Britain's personal wealth; half the population own only 5% between them. If wealth had been evenly distributed in 1979, then each member of the adult population would have had a 'nest-egg' — after paying off all debts including mortgages—of over £12,000. Yet half the population actually owned an average of only one tenth of this amount, while those in the richest 1% had an average wealth holding of almost £300,000.

The Conservative government understands well the political significance of statistical evidence of this sort on the increasing incidence of poverty and inequality, which is why it has 'confiscated' many of the official sources of data on these issues. The annual publication of estimates of the numbers of families in poverty was cancelled as one of the Government's first actions, so that the most recent figures (quoted above) relate to 1979; the next set will not be available until after the election. The Royal Commission on the Distribution of Income and Wealth was disbanded in 1979; estimates on the distribution of income will now be produced only once every three years; estimates of wealth inequalities have ceased altogether.

To what extent in practice is the labour movement beginning to respond to the challenge posed by poverty and inequality? In the past, as Tony Atkinson has argued, 'The commitment of the Labour Party to equality is rather like the singing of the Red Flag at its gatherings. All regard it as part of a cherished heritage, but those

on the platform often seem to have forgotten the words'.⁶ The Wilson and Callaghan governments showed themselves to be the victims of complacency and of an uncritical acceptance of the ideology of inequality. When the 'welfare backlash' came, they were unprepared for it. Now the Labour Party has identified poverty as a major electoral issue. *Labour's Plan* acknowledges that 'Poverty, real stark poverty, has returned to afflict millions of our fellow citizens.' Yet those aspects of the programme most relevant to tackling the problem — on social security, low pay and taxation — are not yet well developed. The Labour Party needs not only a commitment to deal with poverty and inequality but also practical policies to achieve it.

Even policies, however, are not enough: new relationships must be also be built. Here the trade unions are likely to be decisive. There are already some limited moves in the direction of re-establishing the links between the trade unions and the poor which were lost in the 50s and 60s: the unions have begun actively campaigning on behalf of pensioners, the unemployed and the low-paid. Such moves, if greatly extended, can help to draw the poor closer to the organised working class which, in turn, will help to reduce intolerance and resentment.

A new welfare approach

Complacency about questions of poverty and inequality has not in the past been the preserve of the trade unions and the Labour Party. These questions have not been of central importance to the radical Left, inside or outside the Labour Party. For many years, questions of distribution and social policy were treated (perhaps with some disdain) as matters to be left to the Fabian and social democratic wings of the movement. Most versions of the alternative economic strategy, for example, though all pay lip service to the need for greater equality, have precious little to say about how it might be achieved. That approach is now changing. The Left are in fact now beginning to develop a counter-offensive to the anti-welfare rhetoric of the Right.

If there is to be a socialist response to the Tories' assault on the living standards of the poor, the labour movement — and the poverty lobby — need to accept that the old postwar welfare consensus is, indeed, dead. To try and revive the old institutions of the welfare state, in their original form will not win the widespread support of working people. Those institutions have become unresponsive, bureaucratic, and undemocratic. Social security has been reduced to the role of providing, selectively, subsistence incomes for the few; as a result it stigmatises those forced to depend on it. The social services, also, have developed in such a way that they now appear to distribute resources unequally, conferring greatest benefit on the already well-to-do. One of the main reasons why the old welfare state failed to achieve many of the objectives for which socialists may have hoped is that it never really challenged the ideology of inequality or the supremacy of market forces. It allowed the economic system to generate inequality, and then sought to redistribute 'after the event'. The inequalities themselves must be tackled at their source.⁷ Only by challenging the ideology of inequality and confronting Thatcher's anti-welfare rhetoric, can the Left hope to win popular support for policies designed to redistribute income and wealth in favour of the poor.

³ K Joseph and J Sumption *Equality* Murray 1979.

⁴ Quoted in Fabian Society *Deserting the Middle Ground* 1979.

⁵ M Thatcher 'Let our children grow tall' *Selected Speeches 1975-1977* Centre for Policy Studies 1977.

⁶ A B Atkinson 'The Commitment to Equality' in *Socialism in a Cold Climate* Allen and Unwin 1983.

⁷ J Popay and C Pond 'Tackling inequalities at their source' in *The Future of the Welfare State* Heinemann 1983.