

Five LSE Giants' Perspectives on Poverty

#LSEBeveridge #LSEFestival

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Beatrice Webb and the *Minority Report* on the Poor Laws, 1909

Beveridge 2.0: Five LSE Giants' Perspectives on Poverty

Lucinda Platt, LSE

Beveridge on the influence of the Webbs



“the Beveridge Report stemmed from what all of us had imbibed from the Webbs”

Brief background

- Born Beatrice Potter 1858
- Knew and was influenced by Herbert Spencer
- Fell in love with Joseph Chamberlain (but he married someone else)
- Worked on Booth's survey of *Life and Labour*
- Started researching the Co-operative movement and came in contact with the Fabians, including Sidney Webb
- Married Sidney Webb 1892, beginning of their *Partnership*
- With Sidney, George Bernard Shaw and Graham Wallas founded LSE in 1895
- Appointed to the Commission on the Poor Laws 1905
- Published the Minority Report 1909, when it was ignored (as also the majority of report) published it as a Fabian pamphlet

Background to production of minority report

- 1905-1909 Commission on the Poor Laws
- Webb one of the commissioners
- Helen Bosanquet and Olivia Hill (associated with Charity Organisation Society) also on Commission
- Charles Booth also on Commission
- Webb disagreed with the understanding of the Poor Laws – issues and solutions and the role of charity emphasised in the Majority Report
- She worked on researching a minority report which was published under her name and that of a number of other commissioners (over 500 pages, to the majority report's 700)

Key points and recommendations from *Report* (1)

- Get rid of 'mixed' workhouses
 - Demoralising, deleterious and 'everywhere abhorred by the respectable poor'
- Maintain 'outdoor relief' for the non-able bodied
 - But current 'doles' insufficient and unsystematic and unconditional
- Care for infants out of the workhouse
 - Magnitude of infant mortality in workhouses ("appalling preventable mortality")
 - Maternity hospitals to be run by local health authorities, expansion of health visitors
- Child welfare (economic / nutrition as well as health) to be overseen by Boards of Education
 - Children shouldn't be in workhouses and any (small amounts) of boarding out should be carefully supervised
 - Already providing free school meals in large numbers because destitution relief insufficient
- Older people to be provided for under 1908 Old Age Pensions Act, and separated from 'infirm', and pension age to be reduced to 65/60
- Mentally 'infirm' of all ages to be the responsibility of Committees for the Mentally Defective

Key points and recommendations (2): Able bodied

- Able bodied women who were mothers to be treated as such
- Chronic unemployment and chronic underemployment recognised, alongside temporary unemployment and trade cycles
- National multi-stranded solutions required involving
 - national labour exchanges,
 - abolition of child labour and youth training,
 - sufficient support for mothers alongside prohibition of work,
 - public works for 'lean' years,
 - retraining for remaining able bodied etc.
- Trades union benefits expected to expand – does not recommend insurance
- Professional and bureaucratic (impartial) delivery
- Reconsideration of funding structure and financing

Links to Beveridge Report

- Concern for child welfare
- Women as mothers – should not be confused with workers
- Integrated but distinct systems of provision at local authority and national level, appropriate to life course stage, and incorporating education and health care
 - Provision of poverty relief depends on these other elements being in place
- Distinction between able-bodied and non-able-bodied (though some distinctions in relation to temporarily sick)
- But doesn't support insurance

Webb on the Beveridge Report

“If carried out (which I think unlikely), it will increase the catastrophic mass unemployment, which could happen here as in the U.S.A. The better you treat the unemployed in the way of means, without service, the worse the evil becomes; because it is better to do nothing than to work at low wages and conditions.”



Thank you

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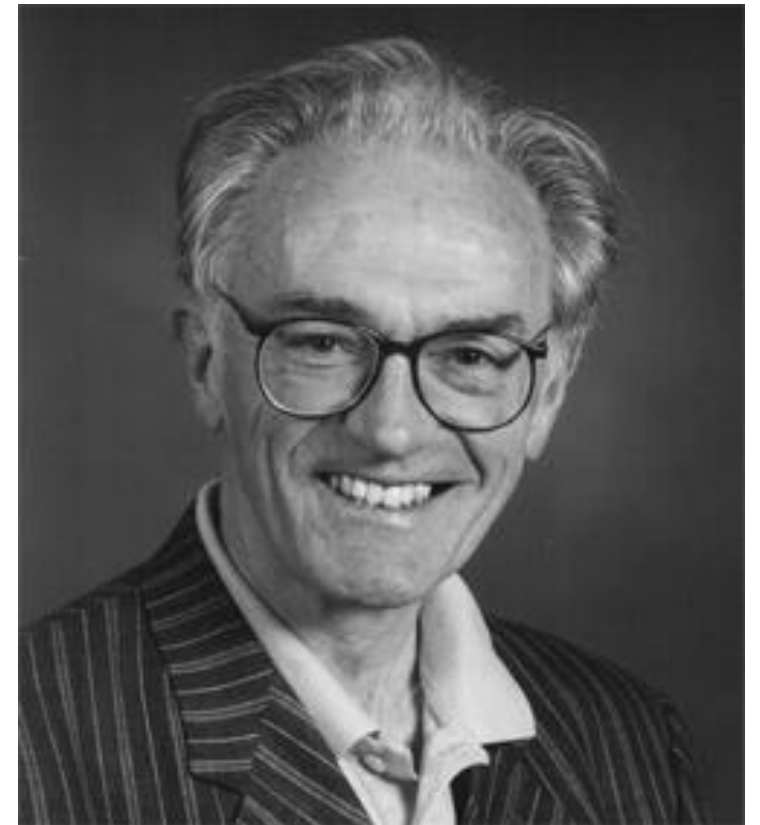
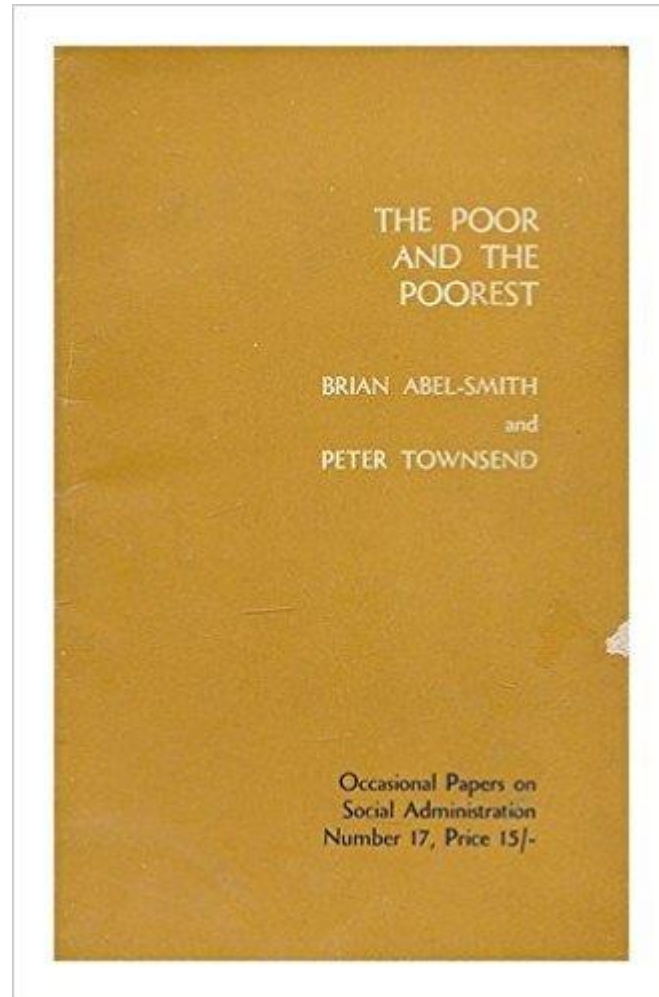
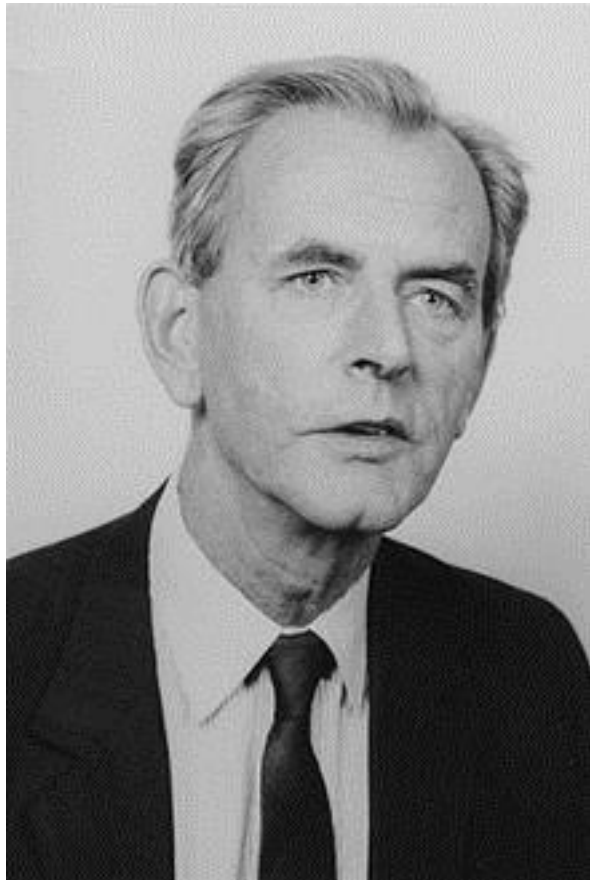
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Two Giants for the price of one: Brian Abel-Smith, Peter Townsend and *The Poor and the Poorest*



Impact case study 1: The 'rediscovery' of poverty

- Rowntree and Lavers 1950: only 2.8% of individuals in poverty, compared to 31.1% in 1936. The post-War welfare state, heavily influenced by Beveridge had 'abolished' poverty
- Through the 1950s and early 1960s, this view questioned by Abel-Smith, Townsend and others
- Were given permission to analyse the records from the 1953-54 and 1960 Family Expenditure Surveys with data for whole country
- Instead of out-of-date subsistence standard, they used an 'official' minimum given by National Assistance scales and by 140% of the NA scales (allowing for the extras people *could* get above the scales)

Impact case study 1: The 'rediscovery' of poverty

- In 1953, 1.2% had *spending* below the official minimum given by the scales; 3.8% were below 140% of the NA scales (and 4.1% below the Rowntree/Lavers line adjusted for inflation).
- But by 1960, 3.8% had *incomes* below NA levels; 7.8% were below the 140% line.
- This was 7.5 million people.
- Including 2 ¼ million children.
- Child Poverty Action Group and publication of *The Poor and the Poorest*, 22 December 1965.
- “Child poverty, which until a few months ago was hardly talked about outside the claustrophobic confines of the LSE (I speak about the school’s physical characteristics) is now a political issue” (*The Spectator*, April 1967, quoted by Sally Sheard)
- Policy from Labour’s Family Allowances increases of the 1960s to Child Tax Credit in the 2000s (by way of FIS and Family Credit) and the falls in child poverty (under modern definitions) in the 2000s.

Impact case study 2:

Academic understanding

- Abel-Smith and Townsend challenged the pre-war 'subsistence' idea of poverty underlying Rowntree's 'primary poverty' lines, as had been used (or mis-used?) by Beveridge: "Belief in a subsistence minimum is a belief in ever-increasing inequality and class distinction" (Abel-Smith, 1958, quoted by Nicholas Timmins)
- Instead they used the idea of an 'official' or social security line, embodying the amount society had ruled people should not fall below
- But Townsend built on this, using the specific 1968 follow-up survey used in *Poverty in the United Kingdom* not just to try to justify the 140% of Supplementary Benefit line, but to develop the idea of a 'participation' standard, looking at items people lacked because they could not afford them.
- Which was then followed up by Mack and Lansley's *Breadline Britain* ideas of a 'popular' definition of necessities, and on to the *Poverty and Social Exclusion* surveys led from the Townsend Centre at Bristol University, and equivalents in other countries.
- They also started the debate about whether we should look at spending or income

Impact case study 3:

Official statistics

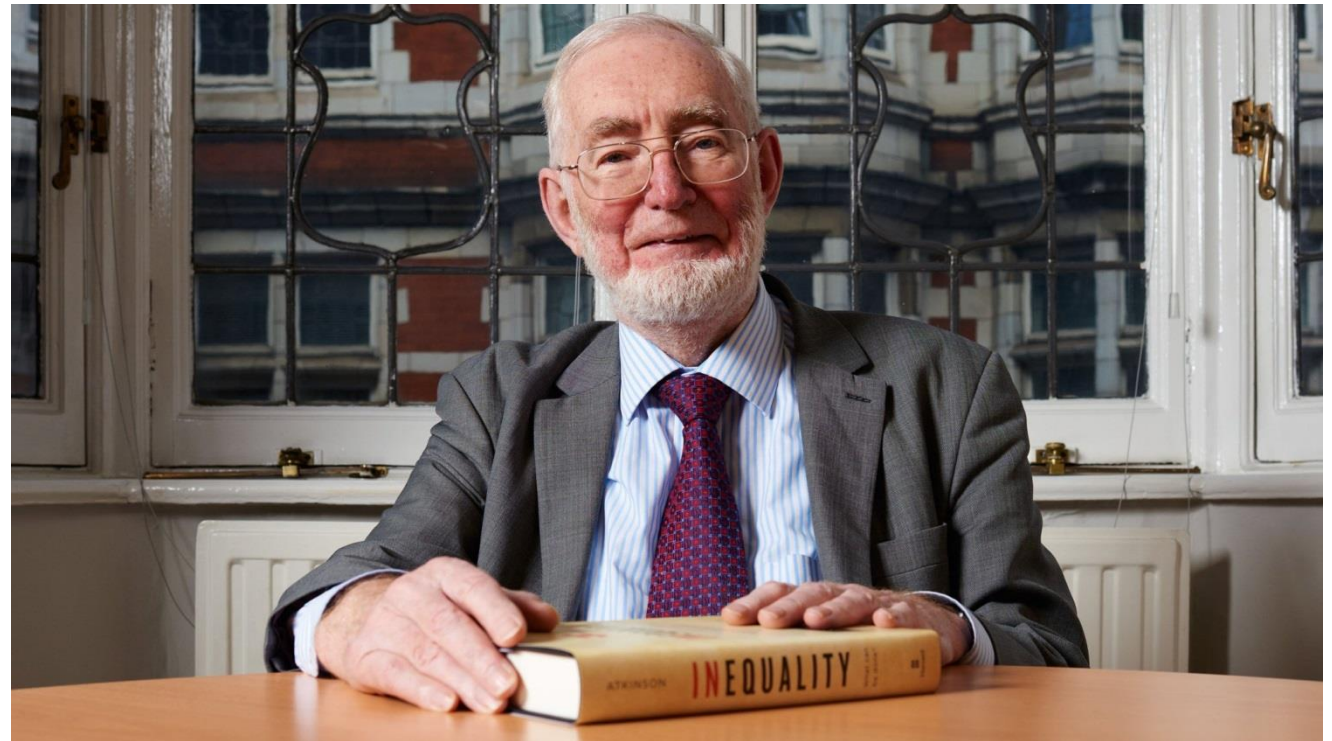
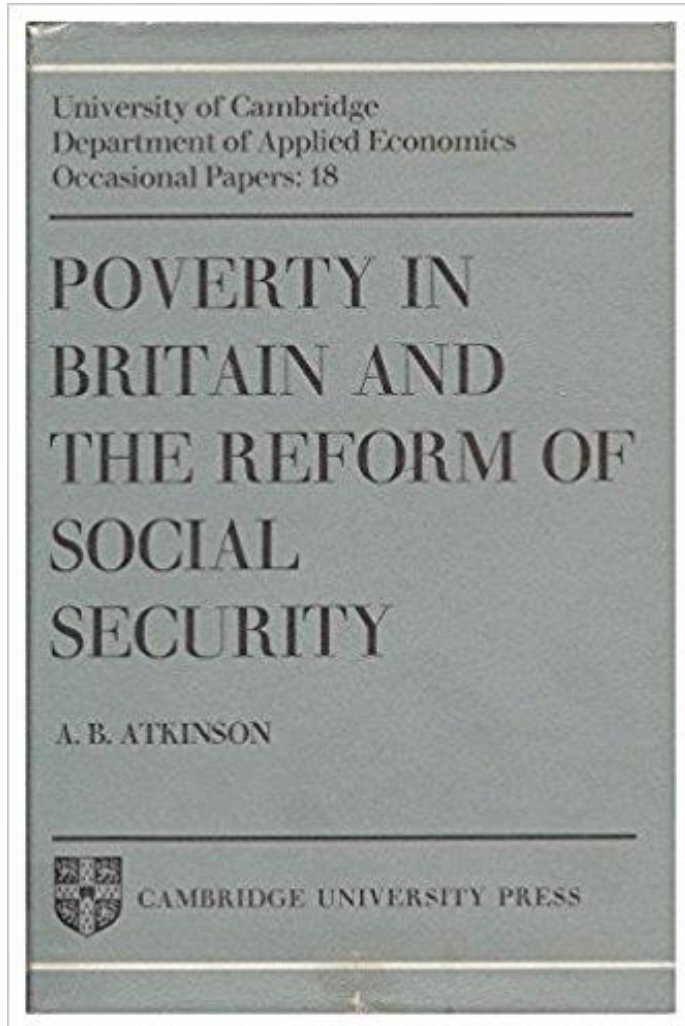
- Until the 1990s, the Department for Social Security continued to publish 'Low Income Families' statistics for the numbers in poverty or the 'margins of poverty' using the SB/140% of SB standard (33% below 140% by SB in 1992)
- But while in one sense the 'official' minimum has political legitimacy, it does not relate to any particular conception of needs or participation in today's society. And if we make it more generous, more may be counted as 'poor' and if less so, fewer.
- Hence the development of the 'Households Below Average Income' statistics still published today, looking at numbers below eg 60% of contemporary median income (or below lines fixed in real terms) – and their international equivalents used by the European Commission, OECD, and others.

Impact case study 4:

Secondary analysis

- But methodologically, *The Poor and the Poorest* was also pioneering.
- The Family Expenditure Survey (FES) was there simply to work out how much different spending items should be weighted when working out the rate of inflation.
- But Abel-Smith and Townsend realised that it contained *national* data on spending levels (in 1953/54) and, even better, income levels in 1960.
- And they persuaded the Ministry of Labour to let them have the records....
- And that 'secondary analysis' of data (often official) collected for other purposes is at the heart of a very large proportion of quantitative social science today

Impact case study 5: Tony Atkinson



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Stiglitz-Sen-Fitoussi

Commission on the Measurement of
Economic Performance and Social Progress

Tania Burchardt

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CENTRE FOR ANALYSIS OF SOCIAL EXCLUSION

Background to the report

- Commissioned by President Sarkozy in 2008
pre-crisis
- Aims:
 - to identify limits of GDP as an indicator of economic performance and social progress
 - to consider additional information required for production of more relevant indicators
- Reported 2009 after the world had changed:
 - *“The whole Commission is convinced that the crisis is teaching us a very important lesson: those attempting to guide the economy and our societies are like pilots trying to steering a course without a reliable compass”*
 - *“...the time has come to make a clear move from measuring production to measuring welfare, to try to close the gap between our measures of economic performance and widespread perceptions of well-being.”*



Key insights and recommendations

- Measuring the performance of the market economy contains only limited information about poverty let alone broader well-being
- Incomplete metrics lead to mistaken inferences about good and bad policies
- 5 recommendations about improving measures of national and household income, including taking account of non-market production, wealth, leisure, and inequality
- 5 recommendations about measuring quality of life
 - measured directly in terms of beings and doings that people value and have reason to value
 - including subjective well-being
 - dashboard rather than index
 - analysing links across dimensions, and with resources
 - analysing inequalities
- 2 recommendations about measuring sustainability (economic and environmental)

Dimensions of well-being

- i. Material living standards (income, consumption and wealth)
- ii. Health
- iii. Education
- iv. Personal activities including work
- v. Political voice and governance
- vi. Social connections and relationships
- vii. Environment (present and future conditions)
- viii. Insecurity, of an economic as well as a physical nature

Dimensions of well-being

- i. Material living standards (income, consumption and wealth) *[Want]*
- ii. Health *[Disease]*
- iii. Education *[Ignorance]*
- iv. Personal activities including work *[Idleness]*
- v. Political voice and governance
- vi. Social connections and relationships
- vii. Environment (present and future conditions) *[Squalor]*
- viii. Insecurity, of an economic as well as a physical nature

Dimensions of well-being

- i. Material living standards (income, consumption and **wealth**) *[Want]*
- ii. Health *[Disease]*
- iii. Education *[Ignorance]*
- iv. Personal activities including work *[Idleness]*
- v. **Political voice and governance**
- vi. **Social connections and relationships**
- vii. Environment (present and **future conditions**) *[Squalor]*
- viii. **Insecurity**, of an economic as well as a **physical** nature

Implications for thinking about 'Want'

- Lack of resources is an inadequate proxy for 'want'
 - resources incompletely captured
 - converted into well-being at different rates by people in different circumstances
 - not the sole, or in some cases even the most important, determinant
- Hence measure 'want' / deprivation directly, through lack of functionings
- Broadens the scope of relevant:
 - inputs
 - outcomes
 - potential interventions

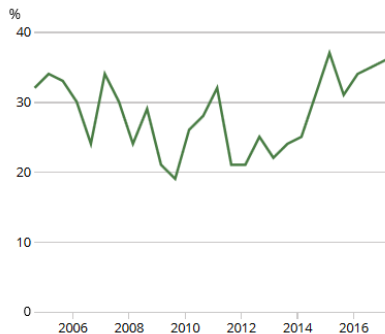
Evidence of shifts in thinking

- 2009 EU Communication on “GDP and beyond”
- 2010 UK Measuring National Well-Being programme
- 2011 OECD Better Life Initiative: ‘How’s Life’ reports every 2 years



Trust in government ◆

Those who have trust in national government



In the spring of 2017, 36% of people aged 15 and over in the UK reported that they 'tended to trust' their national government. While there was no overall change since the previous year (34%) there was an improvement over the three year period (25% in 2014).

Updated: 10 October 2017

- 2012 UN resolution on happiness and well-being
- 2012 Rio+20 outcome document calling upon the UN Statistical Commission to develop measures of progress complementing GDP
- 2013 OECD High Level Expert Group on the measurement of economic performance and social progress

Challenges

1. Uneasy relationship with subjective well-being
2. Potential loss of focus on income poverty
3. Lack of aggregation or mechanism to assess trade-offs
4. Does measuring things better actually lead to chance?



Thanks for listening!

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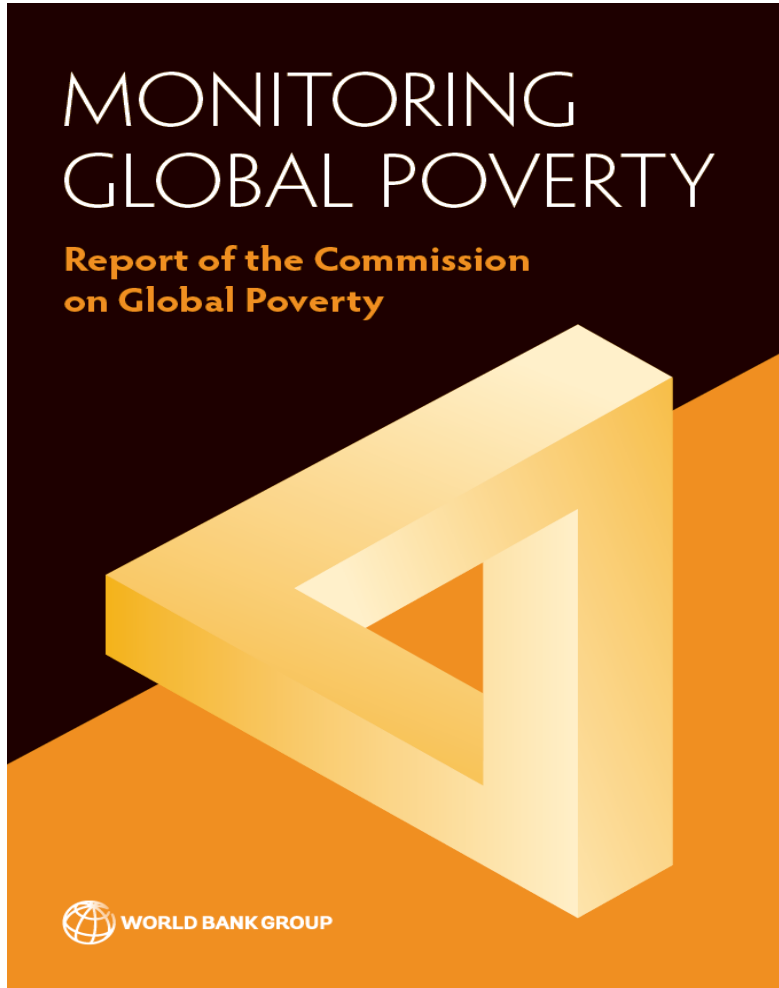
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Monitoring Global Poverty and Tony Atkinson



Questions addressed

1. How does *Monitoring Global Poverty* represent a change in thinking about the prevalence of Want?
2. How does the report's thinking relate to Beveridge and the other reports and their authors considered in this session?
3. Where does the report fit into Tony Atkinson's intellectual trajectory (and why is he a Giant in this field)?
 - NB nothing here about Tony's huge contributions to other areas of economics and the distribution of income, and related public policy issues (see references at the end)

The World Bank's approach to global poverty measurement since early 1990s

Definitions + Data → Estimates

Definitions

- *Monetary measure* of household living standards ('income' or 'consumption expenditure')
- A person is poor if household income/spending is less than a critical cut-off that is the same level in all countries and all years:
 - *Global Poverty Line (GPL) is fixed/'absolute'*
 - Express GPL in common currency unit using special exchange rates (*purchasing power parities, PPPs*)

Data: household surveys from all around the world

Estimates: of levels and trends (see later)

The World Bank's approach to global poverty measurement since early 1990s

- WB approach hugely influential since first applied and results published in 1990 *World Development Report*
- MDGs and now SDGs both define poverty reduction targets using WB approach

The eight MDGs break down into 21 quantifiable targets that are measured by 60 indicators.



Goal 1: Eradicate extreme poverty and hunger



TRANSFORMING OUR
WORLD:
THE 2030 AGENDA FOR
SUSTAINABLE
DEVELOPMENT

1 NO
POVERTY



The World Bank's approach to global poverty measurement since early 1990s

Areas of controversy (even if overall WB approach accepted)

- How to set the GPL
- What are the right PPPs?

Changing choices affect estimates of global poverty levels and trends (regardless of any underlying substantive changes to the distribution of living standards)

- Changes to the way the GPL is derived
- Changes to the PPPs used
- Changes to data quality more generally

Areas of controversy: e.g. PPPs

- A US research centre's reaction in the week after the release of the 2011 PPPs (updating the earlier 2005 PPPs) illustrate that Definitions and Data matter



The screenshot shows the header of the Center for Global Development website. The logo on the left features a stylized globe with an upward arrow and the text "Center for Global Development". To the right are social media icons for Facebook, Twitter, RSS, and YouTube, followed by a yellow "DONATE" button and a search bar with the placeholder text "Enter your keyword". Below the header is a navigation bar with links: "Our Work", "About CGD", "Experts", "Blogs" (highlighted in teal), "Publications", "Watch & Listen", "Events", and a yellow "GET UPDATES" button. The main content area displays a blog post titled "Global Absolute Poverty Fell by Almost Half on Tuesday" with a small portrait of a woman on the left. Below the title is the date "5/2/14" and the authors "Sarah Dykstra, Charles Kenny and Justin Sandefur".

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 Global Absolute Poverty Fell by Almost Half on Tuesday

5/2/14 | Sarah Dykstra, Charles Kenny and Justin Sandefur

Setting the global poverty line (WB)

- **WB 1 (1980s):** GPL = mean of 22 developing countries' national poverty lines
 - \$1.08/day per capita poverty line at 1993 PPP ('\$1/day')
 - Poverty line referred to in MDGs
- **WB 2 (1990s):** GPL = mean of 15 poorest developing countries' poverty lines (out of 75 with lines); 'more representative' coverage of all countries (more surveys); new PPPs
 - \$1.25/day per capita poverty line at 2005 PPP
 - Poverty line referred to in SDGs
 - Higher line largely reflects changes in poverty line sample, rather than in PPPs (Chen & Ravallion *QJE* 2010; Deaton *AER* 2010)
- **WB 3 (2000s):** Country coverage increased further; but they did not change the set of 15 countries used to derive the GPL; new PPPs
 - \$1.90/day per capita poverty line at 2011 PPP

WB's most recent global poverty estimates, 1990–2012

Global Poverty rates (%) and numbers (billion)

Region	GPL = \$1.90/day (2011 PPPs)					GPL = \$1.25/day (2005 PPPs)			
	1990	1999	2011	2012		1990	1999	2011	2012
East Asia and Pacific	60.8	37.5	8.5	7.2		57.0	35.9	7.9	-
Europe and Central Asia	1.9	7.8	2.7	2.5		1.5	3.8	0.5	-
Latin America & Caribbean	17.7	14.1	6.5	6.2		12.6	11.0	4.6	-
Middle East and North	-	-	-	-		5.8	4.8	1.7	-
South Asia	50.6	41.2	22.3	18.8		54.1	45.0	24.5	-
Sub-Saharan Africa	56.0	58.1	44.3	42.6		56.8	59.4	46.9	-
World: percentage	37.1	29.0	14.5	12.8		36.5	29.0	14.2	-
World: number (billion)	1.96	1.75	0.99	0.90		1.93	1.75	1.01	-

Source: Ferreira et al. (2016), 'A global count of the extreme poor in 2012', *Journal of Economic Inequality*, 14(2), 141–172

- We still don't know yet whether MDGs have been met at global level
- Patterns (global trends and regional breakdowns) similar to the Chen and Ravallion (*QJE* 2010) study covering 1981–2005, which was the previous definitive WB study

Atkinson Commission

- World Bank brief (Autumn 2015):
 1. What should be the interpretation going forward of the **definition of extreme poverty**, set in 2015 at 1.90 PPP-adjusted dollars a day per person, in real terms?
 2. What choices should the World Bank make regarding **complementary poverty measures** to be tracked and made available to policy makers?
- Commission = Tony Atkinson (chair) + 23-member Advisory Board, but report written by Tony alone
- Report, 232 pages, completed very quickly – within 10 months (by July 2016) and published October 2016
 - Tony died on 1 January 2017
- NB Report does not provide new estimates of global poverty, nor does it discuss policies to reduce it
- 2 ‘glosses’: focus on better estimates of trends (not level), and on communicating uncertainties associated with estimates

Tony's 21 Recommendations

Terms of Reference questions	Atkinson's 21 recommendations	World Bank response (October 2016)		
		Accept	Maybe (contingent on time, money, partners)	Not accepted
1. What should be the interpretation going forward of the definition of extreme poverty, set in 2015 at 1.90 PPP-adjusted dollars a day per person, in real terms?	R1–R10 E.g. R2 National Poverty reports with statistics based on GPL and national poverty lines, plus complementary indicators E.g. R10 Do not change PPP when updating the GPL until at least 2030	R1, R2, R6, R10	R3–R5, R7–R9 E.g. R3 better estimates of population E.g. R5 estimates using a ‘total error’ approach E.g. R9 better quality estimates of national CPI	
2. What choices should the World Bank make regarding complementary poverty measures to be tracked and made available to policy makers?	R11–R21 E.g. Complementary Indicators such as poverty gaps; who is poor (profiles); poverty lines that are (partly) sensitive to national standards of living; measurement of non-monetary poverty and a multidimensional poverty measure	R11–R13, R16, R18–20		R14, R15, R17, R21 E.g. R14 use of subjective estimates of poverty status and minimum consumption standards E.g. R15 development of basic needs estimates of PL E.g. R21 external body to audit the WB estimates and methods
	21	11/21	6/21	4/21

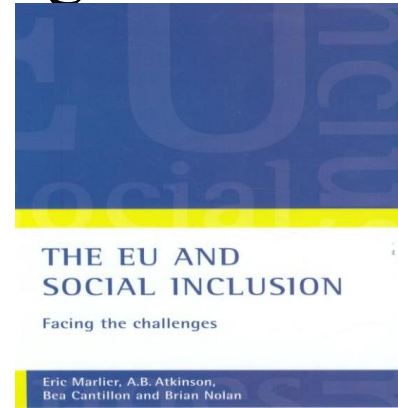
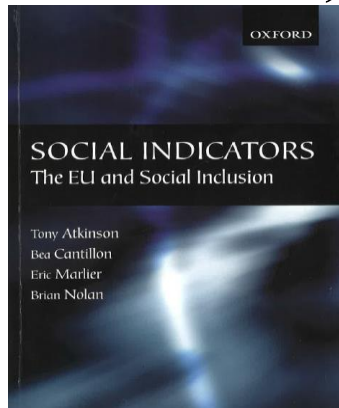
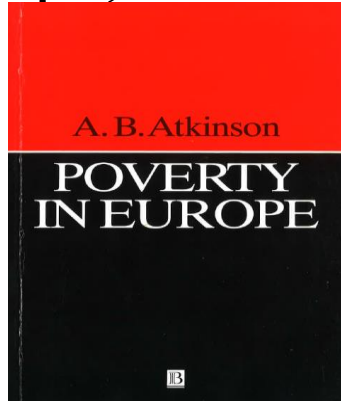
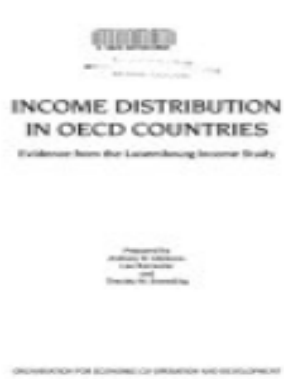
Major changes ahead for World Bank approach to monitoring global poverty

- Acceptance and implementation of 11/21 Recommendations, plus
- Acceptance, albeit with deferred implementation, of 6/21 Recommendations
- World Bank *Poverty and Shared Prosperity* report, due October 2018, will reflect the accepted Recommendations
- Tony's strategy is 'middle way' (substantial progress in right direction is better than radical recommendations unlikely to get any support); respectful of different views

“The Report recognizes that there is a wide range of views as to how poverty should be gauged, whether about the details of poverty indicators or about the broad dimensions to be recorded. By making this plurality of judgments explicit, and by seeking common ground, the Report hopes to offer a richer analysis of global poverty.” (Page xvi)

Tony's long-standing attention to concepts, data and monitoring infrastructures

- His work on global poverty builds on extensive work on these issues in Europe, OECD, and the UK, e.g. ...

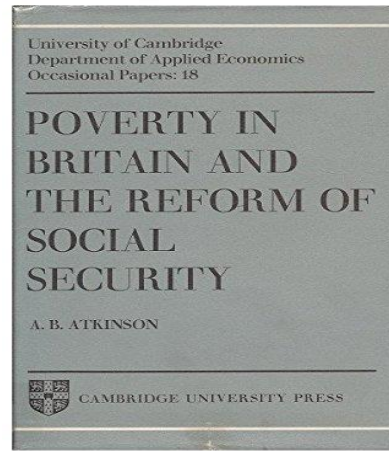


Atkinson (1998)
looking forward?

Finally, as we think about developments in Europe, we should not lose sight of the objective of eliminating world poverty, which in my view has precedence. There are two aspects of these Lectures which have some relevance here. First, the comments about the neglect of distributional issues in mainstream economics apply also to the neglect of the world distribution. Second, the constraints on the scale of assistance to poor countries are, in my judgement, more political than budgetary. A society which is concerned about the situation of its least fortunate members is also more likely to be generous in aiding poor countries – Scandinavia being an obvious example – and

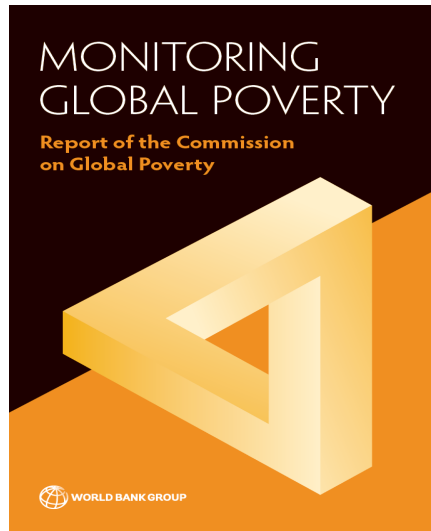
Tony's long-standing attention to concepts, data and monitoring infrastructures

- ... also in his first book on UK, published 1969 (age 25)
- Tony believed these measurement aspects were essential for good policy analysis – at which he also excelled
- NB “The Rowntree standard does therefore convey a false impression of concreteness and ... it seems to me preferable to recognise the relative nature of poverty explicitly in our definition” (1969, p. 17)
 - Beveridge's welfare state made use of Rowntree's work when defining standards
 - Tony's 1969 book assesses government policy in light of government's own minimum standards: the National Assistance/ Supplementary Benefit standard
 - Tony's 1969 book cites Abel-Smith and Townsend's *The Poor and Poorest* (1965) as making the same argument, but ...



Tony's intellectual trajectory

- Tony said in 2014 that *The Poor and Poorest* was the book that inspired him to study poverty. “Reading it he formed the view that economists’ analysis did not address sufficiently what to do about it, and set out to rectify that imbalance in his own work”
- Plus ça change, plus c’est la même chose?



Measuring poverty around the world

A B Atkinson

Forthcoming, Princeton University Press, 2019

References

Monitoring Global Poverty

- The report: <http://www.worldbank.org/en/programs/commission-on-global-poverty>
- Response by the World Bank to the report: <http://pubdocs.worldbank.org/en/733161476724983858/MonitoringGlobalPovertyCoverNote.pdf>

Tony Atkinson: the man and the wide range of his work

- Jenkins, S. P. (2017) [*Anthony B. Atkinson \(1944-\)*](#). In: Cord, Robert, (ed.) *The Palgrave Companion to Cambridge Economics*, Palgrave Macmillan <http://eprints.lse.ac.uk/68762/>
- Tony Atkinson's website: <https://www.tony-atkinson.com/>