

# Poverty, Welfare Reform, and Homelessness in the United Kingdom

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## Abstract

The purpose of this study is to highlight the poverty conditions in the UK and how it is affecting the social system of this country. It also sheds some light on the initial poverty conditions of the UK as well as the steps that were or were not taken to control it. This will include a brief discussion of housing policies. The study also discusses the impacts the above-mentioned three issues have on the individual and society as a whole. The study also uses some useful data available from world-renowned organizations such as the World Bank. It also has some considerations and recommendations on the ways or methods from which poverty can be reduced/eliminated in the UK.

Key Words: Poverty, UK, Issues, Impacts, World Bank

## Introduction:

According to the World Bank:

“Poverty is the deprivation of food, shelter, money, and clothing. It is a state in which people can’t satisfy their basic needs. Poverty can be understood as a lack of money or, more broadly, regarding barriers to everyday human life.”

It can be further categorized into two types, i.e.

## Absolute Poverty

Absolute poverty can be defined as “being below a certain income threshold or the number of people living below a certain income threshold (\$1 per day).” People can’t afford the necessities of life in this condition. The advantages of this type are that it provides an overview of poverty by considering calorie intake as a method of analysis and enables one to associate the amount of insufficiency in various societies. However the disadvantages include how it’s just a way of measuring deprivation and insolvency, however, in poverty, one might have enough money to survive and might only be struggling with the necessities of life.

## Relative Poverty

Relative poverty can be defined as “people who have inadequate income compared to the general income level of the society.” The definition shows that people who score low here are poorer than the average public of that country. They may be able to gain necessities but can’t buy desired goods. The advantages include various methods of measurement for it like Townsend’s deprivation Index. The type is particularly crucial since it extends the definition of poverty and appreciates individual needs like “leisure” beyond physical necessities. The disadvantages include the restrictions imposed by definition to measure it in a single society since every society may have a variety of standards of living.

## Who is Poor?

Any person who has insufficient pecuniary (financial) means which are needed to fulfill the basic needs is known as poor. According to the World Bank, the poverty of a nation can be measured against \$1.25 and \$2 as a reference guide. If we take 1.25\$ as a reference point to measure poverty, then according to the World Bank (2014) Report, 21.04% of people are below the poverty line. However, if we take 2\$ as a reference point, then about 60.19% of the population is below the poverty line.

### 15.2 Poverty Head Count Ratio

| Countries        | Percentage of population<br>Below US \$1.25 a day | Percentage of population<br>Below US \$2.00 a day |
|------------------|---------------------------------------------------|---------------------------------------------------|
| Pakistan (2008)  | 21.04                                             | 60.19                                             |
| China (2008)     | 13.06                                             | 29.79                                             |
| Bangladesh       | 43.25                                             | 76.54                                             |
| India(2010)      | 32.67                                             | 68.72                                             |
| Sri Lanka (2007) | 7.04                                              | 29.13                                             |
| Nepal (2010)     | 24.82                                             | 57.25                                             |
| Philippines      | 18.42                                             | 41.53                                             |

Source: World Bank, World Development Indicators 2014

## Theories of Poverty

### The New Right Approach

The theme of this approach is to establish that the capitalist system of economy is proficient enough to ensure stability and well-being for all its citizens. However, this situation is ideal since, in real time, it is influenced by many factors like government intrusion in affairs interfering in the supply and demand equilibrium. Hence, the theory asserts that the government should never control the fiscal condition of the state and should also deal with four primary purposes, i.e.,” to maintain law and

order, defense the country, to protect members of the community who are not considered safe and the provision of help to those in need.”

## The conflict theory by Karl Marx

This theory interprets society as a struggle for power between groups engaging in conflict for limited resources. The argument outlays the very basis of poverty since the law formulators in every community seem to be the people who have numerous resources among the already limited ones, and hence, the decision-making powers and role of administrators are given to them. They further shape such regulations, which safeguard the growth of their wealth manifold while the poor people are left with little or no resources.

The usurpers of such resources are ignorant of the fact that every person has been placed in a particular position, the stratum of society, as per the theories of stratification. Such people are included in the inferior circle of the community and face differentiation in all parts of their lives. Such a fact results in stripping them of the necessities of life. For instance, even if a child from a low-income family is somehow able to get an education, the society’s influential and powerful families will use their powers to access the limited no of jobs available and henceforth deprive him of the only opportunity of progress in his life despite his hard work and efforts.

## Methods of Poverty Measurement:

For measuring poverty, there are two broader classes:

- Uni-dimensional Poverty

Uni-dimensional poverty is quantifying poverty considering only one factor, i.e., money. This approach evaluates people’s living by looking at their financial status.

- Multidimensional Poverty

The multidimensional approach defines and measures poverty in a unique way beyond the financial or income or inequality-based approach by stating, “Poverty is not merely the deprivation of monetary resources. It is rather a state of deprivation of several fundamental freedoms that individuals have reason to value.”

## Life Chance

Life change can be explained as a recent theory of social science where everyone can garner opportunities and make use of them to improve their standard of life. The concept particularly gained attention in describing poverty since the theorist Max Weber aims to assert that everyone in society

should have equal access to resources.

## Impacts of Poverty:

Poverty is negatively impacting our country in the form of poor physical and mental health and the well-being of society. Poverty gives rise to insufficient and poor housing, homelessness, criminal activities, inadequate nutrition and food uncertainty, insufficient child care, scarcity of health care and cleanliness resources, and underdeveloped schools, which adversely affect our society.

- **Criminal Activities:**

The rise in illegal activities and unrest in a society can be linked with the poverty level as one research shows that with a decrease in the income level, the crime rate increases. This indicates that if the UK is to eliminate the menace of criminal activities, it must act on ways to reduce the poverty level. The fundamental reason behind any society's sustenance is the effective enforcement of law and order at every level. This triggers a sense of calm and collectiveness among the people in a community.

- **Malnutrition:**

It's one of the most common effects of poverty because people suffering from poor conditions rarely have access to highly nutritious and beneficial foods, and even if the food is made accessible to them, they are unable to purchase them. Even a family falling below the poverty line is not likely to buy healthy food, which ends up making them get less nutritious things because of budget constraints. According to ONS (Office for National Statistics) in the UK,

"In 2014, 6.5% of the UK population was in persistent poverty, equivalent to approximately 3.9 million people. Persistent poverty is defined as experiencing relatively low income in the current year, as well as at least 2 out of the three preceding years."

"Based on the latest data, the UK has the third-lowest persistent poverty rate in the EU, but the overall poverty rate for 2014, at 16.8%, was the 12th highest."

"The persistent poverty rate for women was 1.5 percentage points higher than for men in 2014 in the UK, and between 2011 and 2014, almost a third (32.5%) of the UK population experienced poverty at least once.." This guides us to conclude that the rate of malnourished people in the UK has been increasing steadily since 2010.

- Education:

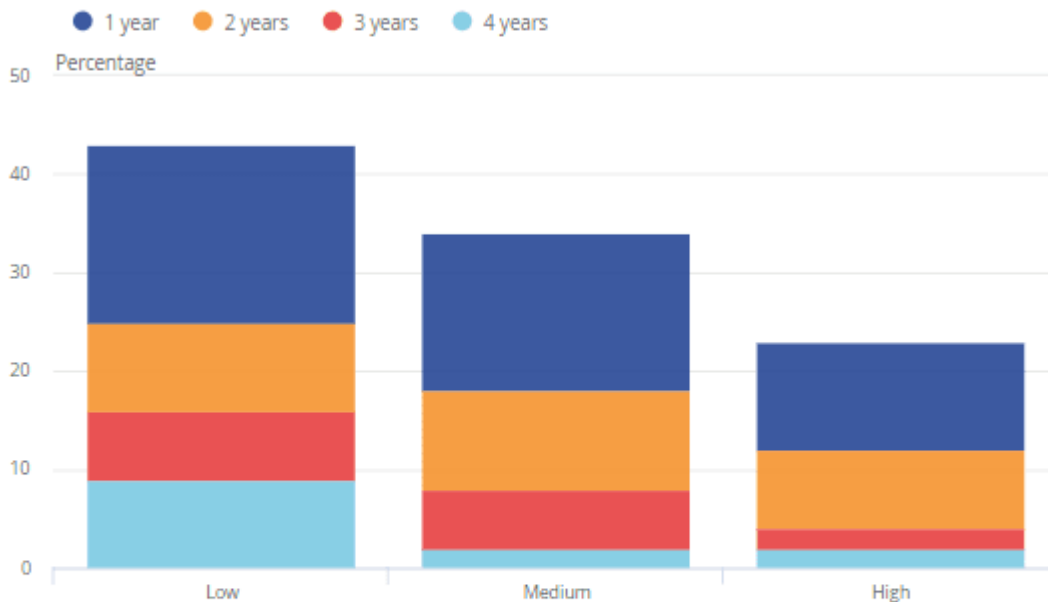
Education is one of the core pillars of building up a society's foundation that not only prepares an individual mentally but physically and socially as well as brings social prosperity, economic wealth, and political stability. Poverty has affected the society of the UK in such a disastrous way that people have stopped sending their children to schools, and instead, they are seen opting out of gaining any educational programs they are enrolled in. According to ONS (Office for National Statistics), the UK,

"The number of years spent in relative low income also varied by education level, consistent with other research (for example, Serafino & Tonkin, 2014), highlighting a strong relationship between educational attainment and poverty. Over 4 in 10 people (43%) who left education without any formal qualifications (below GCSE level) were at risk of poverty at least once between 2011 and 2014, twice the percentage of those with a degree or higher."

The statistics also declared that "Additionally, among those who did experience relatively low income, those with degree-level qualifications or above were also far more likely to experience it for only a short period of 1 or 2 years (86%), compared with those with medium (77%) or low (65%) levels of educational attainment."

All of these results are indicated in the graph attached below.

**Figure 15: Years in poverty in the UK by education level, 2011 to 2014, percentage individuals**



**Source:** Office for National Statistics, Eurostat

**Notes:**

1. Low educational attainment relates to no formal qualifications. Medium educational attainment is GCSE or A-Level or equivalent qualifications. High educational attainment is degree level or above.

Thus, a bad cycle is formed between poverty and gaining education, i.e., poverty prevents people from gaining beneficial knowledge and learning, and never getting a good education and learning helps people get out of poverty.

## • Health Problems:

Unlike other countries with high life expectancy rates at birth, poverty impacts the health conditions of the people of the UK, as well as it can be linked to a more significant threat of developing illness and can lead to a low mortality rate in infants, causing premature death. The facts presented by the Child Poverty Action Group in the UK state that “Children born in the poorest areas of the UK weigh, on average, 200 grams less at birth than those born in the richest areas.”

This fact helps corroborate the equation that young infants belonging to low-income families are further expected to die as soon as they are born or in the early stages of their childhood as compared to children from wealthier families. Since they are poor and have limited access to hygiene, medical,

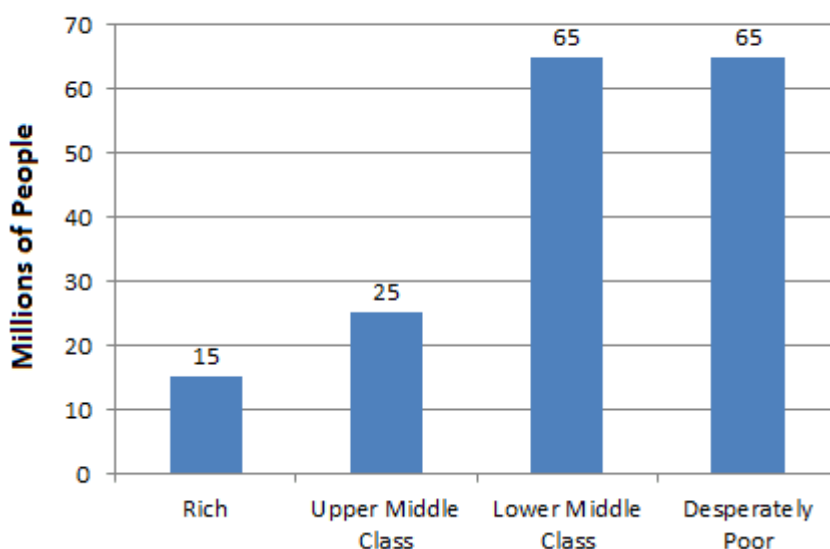
and sanitary conditions, they are fated to undergo prolonged ailment during infancy and are greatly inclined to have a disability.

Poorer health over the course of a lifetime has an impact on life expectancy: professionals live, on average, eight years longer than unskilled workers who have low life expectancy rates at birth, i.e., 65 years or less. Not getting sufficient basic resources, poor people in the UK are likely to suffer from deadly diseases because they lack the resources to maintain a healthy living environment. They are always barring nutritious foods that result in decreasing their body's ability to fight off diseases. Sanitation condition appears to be a minor issue in the beginning, but it increases the chance of disease contraction.

- **Economic Instability:**

All the impacts of poverty are interconnected. Not getting enough education, people are unlikely to find a good-paying job. Employment rates are heavily hindered by the number of people living in poverty, and that, in turn, hinders a country from developing a strong economic system that obstructs a nation from progressing in all aspects. Helpless and weak people (poor) have low expenditure levels. Households clustered around the poverty line have high vulnerability. The factor of economic weakness is the critical aspect of the rise of poverty in the country that rises from social ineffectiveness, political disqualification, and ill-functioning institutions. Lower private investment results in political instability that slows down economic growth, and this gives rise to unemployment, which results in poverty. This kind of instability raises corruption, weakens governance and inconsistency, and creates unpredictability in the country's economic performance.

### **Socio-Economic Status of Pakistanis**



This chart shows the statistics of the socio-economic status of people in the UK which depicts that the majority of the population covers

the concentrated poverty class.

## A Brief History of Housing in the UK

History has shown that the issue of house building in the UK has not been given due attention, specifically in England and London. Ever since the 1980s, the need for housing facilities has increased dramatically. However, Public division house building has collapsed, and the housing facilities are mostly provided by the private sector, all of which have been grossly impacted by both economic downturns and increased costs of investment to prospective proprietors. Statistics from the Department for Communities and Local Government of England show that “Between 2001 and 2010, an average of 144,000 new homes were completed annually: 100,000 fewer per year than in the 1970s.” Time has shown that there has been an upsurge in home ownership and privately rented homes in the past ten years. However, the social rented homes continue to suffer day by day.

## What is Homelessness?

Homelessness can be described in legal terms as “someone is thought to be homeless if they do not have a legal right to occupy accommodation, or if their accommodation is unsuitable to live in.

Statistics show that everyone among 200 people in the UK faces homelessness. The reason why a thriving economy like the UK has many homeless and poor people is that the issue remains masked under government Welfare reforms, for instance, “bedroom tax, sanctions and housing benefit cuts” that never reach the prospective people. Hence, such reforms, even when intended to tackle the issue, lead instead to a worsening of the homelessness crisis. The inefficient welfare policies by the government continue to be a major cause of this since they intend to escalate the burden on susceptible households even when the economy is flourishing.

Policies such as high rents, housing shortages, and welfare cuts render poor people incapable of affording inner-city residences and moving to cheaper neighborhoods. Poor health and sanitary surroundings worsen their condition in those areas, and they end up losing more and more every day. Hence, it can be concluded that policies introduced by the UK government to deal with poverty are inadequate and inefficient to deal with the increasing severity of poverty every day.

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