

## **Polly Toynbee presentation**

### **Transcript:**

#### **Part 1**

Hello, I'm very sorry not to be with you today, it's not altogether my fault, I'm afraid, inconveniently, the Chancellor of the Exchequer decided to hold his budget this morning instead of this afternoon, so as a result I can't be with you. But I'm very pleased anyway to be able to talk to you, I've been asked to talk about poverty and inequality in Britain and, as many of you know, this country has more poor children and a higher level of inequality than almost any other developed nation in the developed OECD countries and that's likely, I'm afraid, to get considerably worse. Now, I say that not in any party political way, since whatever party was in power, there would still be a very deep and lasting recession and cuts to public services. Cuts in public spending and welfare are always going to impact most severely on those who use the most, with the latest prediction that next year we're going to see something like seven hundred and fifty thousand extra people out of work and likely to stay out of work for a few years, the outlook really is pretty grim.

It means that the impact will fall most harshly on the areas and the regions that are most reliant on public services with the most poverty in their midst. Analysis of last week's figures from the ONS showed who relies most on what forms of public spending and it spelt it out quite graphically. Professor John Hills of the LSE examining those figures, he's the Chair of the National Equality Panel that produced last year's seminal report "An Anatomy of Inequality". He calculates that if the deficit were to be reduced entirely through spending cuts alone, then the bottom fifth of society would bear twelve percent of the burden and the top fifth would bear less than one percent of the burden, that's the trouble with a country that's as unequal as ours that whatever the government of the day does will always impact drastically differently on different groups.

Professor Hill's report is going to act as a kind of baseline to see what the effect of the recession will be on the distribution of wealth and of incomes in Britain over the years because most of his figures pre-date the start of the recession, and just to give you a flavour his report found that the top ten percent have a hundred times more in wealth than the bottom ten percent. As people reach the end of their working lives between fifty five and sixty four, the top ten percent of professionals has on average two point two million pounds

worth in property and pensions, whereas the bottom ten percent had only a very meagre eight thousand pounds of anything at all.

The last government did try hard, and according to just about every report, it succeeded though in no more than stabilising the gap between the rich and the poor, the gap in inequality. That pledge to abolish child poverty was always remarkably ambitious and it did lift six hundred thousand children over the poverty threshold, but that's nowhere near the target which was to have reached half of child poverty – cut child poverty in half by this year.

But Britain is the only country where the figures have at least been moving in the right direction. The new government, I'm very glad to say, does retain the aspiration to keep reducing poverty and plainly, after all that they've said, David Cameron and Iain Duncan Smith would be very embarrassed if the figures were to slip backwards, and they've appointed Frank Field who was long ago the head of the Child Poverty Action Group, to look again at the official measurement of poverty and its causes. And now the measurement of poverty is always a very contentious issue, and the current main measurement is the one that's used by the EU, by the OECD and by the UN to make all of international comparisons. It regards anyone living on less than sixty percent of median income as poor, and the trouble with this measurement is that it's been confused recently with as if it was sixty percent of the average. Now it's very important to get that difference right because an average would be an impossible moving target as it would mean that if say Bill Gates arrived to live in this country, suddenly a whole lot of people would look poorer. But by using the median, the midway where half the population is poorer and half is richer, it's a reasonable measure because it's perfectly possible to pull the poorest up towards the middle, and indeed, on this measure, a number of Nordic countries have more or less eradicated child poverty, important to hold onto that fact because it shows it can be done and don't let anybody ever say "It's impossible".

One question Frank Field is asking is whether instead of a percentage there should be an absolute measure of poverty; an agreed list of things that a household needs in order to stay above the poverty line, and that often appeals to more people as a way of measuring it, it seems to be more practical and real and less abstract than a percentage. The Joseph Rowntree Foundation has produced a set of minimum standards the late Professor, Peter Townsend did run a very interesting parallel system, and it's worth discussing. From time-to-time Townsend would ask the general population in the big opinion poll what they thought a family needed to keep a bare minimum but decent standard of living, to keep them above the poverty line.

The public produced a reasonable list of essentials that included two pairs of shoes, warm winter coat, a modest birthday party, a few days' holiday, a trip to the cinema, trips

swimming, an ability to join school trips, pretty basic things. And if that seems a simple and practical and in some ways more attractive system, what was interesting is that that too turned out to be relative, because over the years, as living standards rise, and he went back to ask the general public, their own idea of what was essential also rose. They would add in extra things for a family not to fall too far below the general standards of living of the rest of the population. In these surveys and opinion polls, it turned out there to be a very wide consensus of public agreement on what people think people should have in order not to be desperately poor or too poor. But this too was a moving definition, you know, it was a radio, then a fridge, then a television and then a telephone, and now there's very good evidence that children really do need a laptop and a broadband connection in order to do their homework, in order just to feel connected with other children and what most other children have, ordinary social communications. So interestingly, whichever way you measure poverty or child poverty, family poverty, it usually comes out at more or less the same standard, whether it's a percentage or whether it's a list of absolute necessities.

So it seems to me that we shouldn't get overly hung up on what measurement system we use as they nearly always come out statistically the same, unless of course you go to a system that says something severely different to what most of the population would understand as a decent threshold.

Well, we'll see what Frank Field comes up with, he has to produce his report quite soon, by the end of this year, and his terms of reference are very wide. His report runs alongside the Child Poverty Act, which was brought into being, as you all remember, in the very last days of the Labour government. Its most important function it seems to me, is to set in stone that child poverty target that child poverty will be abolished by the year 2020. And what was particularly encouraging is that as that Act went through parliament, it was supported by all three parties and I find that very encouraging. And it too has several parallel systems for measuring poverty, the relative sixty percent one, the combined relative income and material deprivation, but it has another one too, which is measuring the numbers of children who are in persistent poverty because research shows that what really does the damage to children, the most damage, and those who are at most risk of seriously worse outcomes, are of course those children who are in persistent and not in temporary poverty.

This new Child Poverty Act also requires the government of the day to report back to Parliament every year on what progress has been made towards cutting child poverty, so it puts their feet to the fire, and it requires the government to set up a Child Poverty Commission, which by law they'll have to do by this summer, and that Commission will monitor progress and it's going to have the power to ask the government what strategy it has and to examine how effective that strategy is, and to commission any necessary extra

research and it's a Commission that can only be dissolved by passing a further Act of Parliament.

Frank Field couldn't have been made Head of that Commission because the Act states that it can't be an MP, so it's going to be very interesting indeed to see who's going to run this Commission and who's going to be on it and so far we know nothing at all.

## Part 2

Now C4EO has asked me to talk a bit about my own writing on Britain's inequality and its causes, my last book was called "Unjust Rewards" and it focused on the huge incomes of the top earners. We managed eventually, it was like herding cats, to assemble focus groups amongst top bankers and top city lawyers, people with incomes between a million and ten million, and we got IPSO MORI to come in and conduct these focus groups for us so that it should be done in a very formal way, and we wanted to try and understand their attitudes towards their enormous wealth and what their attitudes were towards inequality and poverty. And we began with a questionnaire, we gave them all a questionnaire to find out really what they knew already and what they thought other people earned and where they thought they stood on the earnings spectrum. And interestingly, they were wildly wrong by miles. We asked them what they thought the poverty threshold was and they set it at twenty two thousand, which in that year, last year, was actually the median earnings, the median income level. It was more than twice as much as the poverty threshold for a couple.

We asked them what they thought you would have to earn to get into the top ten percent and they said a hundred and sixty four thousand, actually that was wildly wrong too, you only have to earn forty thousand to get into the top ten percent, to get into the forty percent tax bracket, forty thousand is the threshold. They found it almost impossible to believe that ninety percent of the population earns under forty thousand a year. "But everyone we know ..." they said, "... everybody we've ever met ..." and that's the trouble, we all live in a way in our own bubbles, in our own silos. We know somebody a bit richer, somebody a bit poorer and everybody tends to assume they're middling. Even the poor think they're much more middling than they are because they too know someone a bit richer and someone a bit poorer.

So one of the problems in getting the public to think about inequality is first of all, everybody's ignorant about the actual distribution of incomes as they are, and our book was very much about that. This really rich group of people we talked to put themselves in the top ten percent, actually they're in the top point one percent and quite a lot of them, the top nought point one percent and some of them are simply off the graph altogether or the graph would reach to the other end of the room. And yet they all felt themselves to be quite ordinary, and it was very hard to persuade them.

Now I hoped – we brought in Professor Hills to give them the chance on what actual earnings are because we didn't think they'd believe us, but we thought they'd believe him as a serious LSE economist and we hoped that when they saw this, it would persuade them to think again and perhaps to alter their views about the merits of earning that much or of how taxation systems should be run and so on, but I'm afraid it didn't. Within no time at all, as they began to discuss poverty, they fell back immediately into a kind of Daily Mail image of what they thought it was to be poor, that they were useless, they were lacking in ambition, it was their own fault for not trying hard enough, they were bringing up their children badly. They had a model that we live in a meritocracy and the people at the top must have got their by merit, so that when we said, "Well, you realise that what poverty means is that actually a large – you know – a majority of people who are technically poor are actually in work, some of them have got two jobs and they're working very hard at jobs that we value, being hospital cleaners or teaching assistants or healthcare assistants, social care assistants, jobs we all need them to do" but they were still not convinced, they found it very difficult, they could only have a model of the poor which was really of the two percent most dysfunctional, they couldn't really imagine a state of poverty of people doing important jobs.

But it, for us, it was a very good reminder, a political reminder really of how very hard it is to persuade people to change their mind, to persuade people who are very privileged that they really are and that they do inhabit a bubble and that it matters where we all stand on the spectrum. And I'll talk a little bit about my previous book which was called "Hard Work" in which I looked at life amongst these lower earners, the working poor, and I very much – the point of the book was to get across the idea of who these people were and how very worthwhile their work was and how we should reward them better than the minimum wage, which although it's a good thing we have a minimum wage, it's still extraordinarily low and it really ought to be a living wage, you ought to be able, your family ought to be able to subsist above the poverty line on what you earn if you're doing a job that's as valuable to society as the sort of jobs that they do.

So I went to live in a council estate about ten minutes away from where I live, a place I know and where I've been following their new deal for communities, and they had a spare flat I could rent in a block that was being renovated and they couldn't let out, and I took jobs in the local Job Centre over several months at the minimum wage. I took a job as a hospital porter, as a hospital cleaner, a dinner lady, a nursery assistant, care assistant, cake packer and a telesales operative, in order to see – not to see what it's like to be poor, I wouldn't know, I've never had a moment's insecurity in my life, but in order to see how you can manage living in an empty flat, paying the rent and working out how you can survive on the minimum wage when you count in travel to work costs. And it was a real eye-opener for me because I discovered how many things I didn't know. I mean, in the course of the many months I was there, I only ever managed to afford to buy three light bulbs for the flat, well to tell you the truth, I'd never even really thought about what a single light bulb costs before. And it was a reminder working with people of how dedicated they are to their work and very often they're much more frustrated by being prevented from doing their job as well as they'd

like to than they are by the fact that they're being very low paid and undervalued for the work they do.

The idea of this book and what I really wanted to get across to people was to say – to read it – people like me – “This is what it's like to cross the social barrier, don't pretend it doesn't exist, it does, it's an enormous social barrier between the jobs that people like us do and the jobs that people like them do and how badly they're treated and disrespected for jobs that we value”.

Now, the real shocker was that I had done this thirty years before when I started out in journalism, I'd written a book about low paid work and I'd travelled the country and taken similar jobs. I went back to work in the same hospital I'd worked in before thirty years before. I took my payslip from thirty years before to the Institute for Fiscal Studies and asked them to calculate how it related to my payslip today in the same grade of work in the same hospital. It was a pounds, shillings and pence old payslip, when I asked them, they said, “Actually, you are paid thirty six pounds a week in real terms less now than thirty years before”. And then when you think about it, that's what it means by growing in equality, in real terms, it means that the people at the bottom have been pegged down, while the people at the top have seen their real incomes increase greatly, people at the middle have hardly moved at all. But nevertheless, it was a shock to me, and actually the Institute for Fiscal Studies were quite taken aback too when they realised in real terms how it translated.

I think that it's very depressing that we have had a history of social progress leading up to the 1970s where we became a more and more equal society and after that, took off in the opposite direction, and the 1980s recession so this explosion from one in seven children being poor to one in three, and my great fear is, you know, if we stay in a deep recession that we're going to see another ratcheting up of inequality instead of moving the other way. Part of what I wish to say in what I write about is that it isn't necessary, it is a choice that we can all make, we can all choose whether to be more Swedish or more American and it's not an economic necessity, if you make a graph of all the different countries in the western world, they've all made similar economies, they've all made different choices about how much tax, about what to pay people and how much social spending to have, and those different choices show up on the map and there's no particular correlation between high tax countries and economic success. Indeed, the Nordic countries, which are the most socially successful, are the most high taxed and also very successful economies.

I think that the fact that birth is becoming destiny more certainly than it was, social mobility is freezing, worries all political parties a lot, they all talk about social mobility. I put great hope in the value of Sure Start and hope it survives the cuts and the value that we put into

education and reaching children at the youngest possible age. I hope that in this coming budget today that we won't see more harm done and that we will see the effect fairly spread and that above all, it's those most vulnerable children who stand to benefit most from Sure Start who will be well protected in the cuts to come. But we shall see very soon, we shall see this afternoon. Thank you very much.