The Australian Welfare State: Neither Egalitarian Saviour Nor Economic Millstone?

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Introduction

Peter Saunders' recent book on 'Welfare and Inequality'[1] puts Australia's Welfare State under the microscope and finds it wanting. As suggested by the title, Saunders regards the reduction of inequality as the fundamental aim of the Welfare State (p.13). Hence, the fact that, during the 1980s, the proportion of income units in poverty increased by over 50 per cent (p.270), becomes a major indictment of the Australian Welfare State.

We shall argue below that this indictment is unjustified. It is made on the basis of certain statistical techniques used by Saunders (and others, such as the Melbourne Institute) to update the Henderson poverty line. It will be argued that these methods of updating the Henderson poverty line are substantially 'out of line with common perceptions of what the poverty standard should be' (p.249). The indictment also ignores what has happened to inequality in Australia when community services (in particular the introduction of Medicare) are taken into account in a more inclusive framework which goes beyond focussing on money incomes only.

As the Director of the Social Policy Research Centre, Peter Saunders is exceptionally well-positioned to discuss the Australian Welfare State. Saunders and his team have been responsible for a great deal of the research work examining the operation of our welfare arrangements. As befits someone in this position, Saunders has written a wide-ranging book drawing on a large part of the growing literature on the Welfare State; it's purposes, it's major characteristics and how it compares with welfare arrangements elsewhere.

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Even for those (like the present reviewer) who question some of Saunders' major judgements in the book, 'Welfare and Inequality' will become a very useful source and reference work.

The book is divided into two major sections. The first (chapters 2 to 5) 'attempts to illustrate the important contribution which an economic perspective can provide to the analysis of aspects of the welfare state' (p.7), whilst the rest (i.e. chapters 6 to 9) 'address issues relating to the impact of the welfare state on inequality' (p.9). Since the major theses of the book fall naturally under a number of headings, it will be convenient to discuss them in this format.

The Role of the Welfare State

Back in 1961, the British historian Asa Briggs defined the Welfare State as one where an organised effort is made 'to modify the play of market forces in at least three directions – first by guaranteeing individuals and families a minimum income...; second by narrowing the extent of insecurity by enabling individuals and families to meet certain 'social contingencies' (for example sickness, old age and unemployment) which lead otherwise to individual and family crises; and third by ensuring that all citizens without distinction of status or class are offered the best standards available in relation to a certain agreed range of social services'.

These three directions can perhaps be briefly designated as the poverty, the insurance and the community services objectives of the Welfare State.[2] While Briggs' definition is more than three decades old, it was quoted with approval as recently as 1987 in the New Palgrave Dictionary of Economics by Ian Gough, one of the leading authorities on the Welfare State.

Writing some three decades after Briggs, when the Welfare State has been under sustained attack, Saunders is concerned that too much stress is placed on the first goal of poverty alleviation or prevention and too little on the insurance aspect of social security systems. While 'no-one would argue against poverty alleviation being an important aspect of social security, there are dangers in placing overriding importance on this aspect' (p.22). Among these dangers are that an undue emphasis on poverty alleviation 'helps sustain the idea that social security spending on those who are not poor... is an intolerable waste of public money. This residualist conception of social security poses the most serious danger to the longer-term sustainability of the system...which should be seen in terms of the benefits it provides to all who are in vulnerable stages of the life cycle, or who are the victims of unforeseen economic, health or family difficulties' (pp.26-27).

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Since the 1970s, changing circumstances – including increased economic and budgetary pressures in most OECD countries – have revived old questions about the priorities to be given to poverty alleviation versus the social insurance aspect of social security. A number of factors have led to a relative downgrading of the social insurance aspect. First, many countries have found that social 'insurance' (run by governments) gradually accumulates much larger liabilities than assets – with each of the seven major OECD economies running large prospective deficits.[3] Hence there is some irony to Peter Saunders' charge that inadequate emphasis on the social insurance aspect of social security poses the most serious danger to the longer term sustainability of the system. It is precisely some of the social 'insurance' aspects which have endangered the longer-term (actuarial) sustainability of the system.

Second, the advent of more variable personal incomes resulting from the growth of part-time work, of some women dropping out of the paid labour force with young children, of growing self-employment and of increasing periods of training and re-training raises the question of the period over which individual incomes have to drop below previous levels before government financial support is warranted. Third, and most important, in most OECD countries, the increasing levels of poverty (before social security transfers) which have resulted from ageing populations, family breakdown, slower economic growth and higher unemployment have greatly increased the funds required to fight poverty. Given the more straightened economic circumstances in most OECD countries, it is thus not surprising that dealing with poverty has become a more urgent policy aim.

Community Services and the Welfare State

One of the strengths of Saunders' book is the prominence given to community services (i.e. the third leg of Briggs' Welfare State), with chapter 3 providing an economic perspective on the provision and finance of community services, whilst chapter 6 looks at 'The Social Wage, Living Standards and Inequality'. Chapter 3 applies Baumol's important unbalanced growth model to such community services as education, health, public housing and the care of invalids and the frail aged. In these areas scope for productivity improvements is either more limited than in the production of most goods, and, in some cases, measurement of output has been given up as just too hard and measurement of inputs is substituted – thus implicitly assuming there is no productivity growth.

As a result, the price of most community services will rise relative to the price level as a whole. This 'relative price effect reflects both the nature of the production of community service (and other service) activities and of National Acccounting conventions which underlie the collection of government expenditure data' (p.61). Low (or zero) productivity growth implies that the share of community services expenditure in GDP will have an almost automatic tendency to rise over time – or that the volume of community services supplied will be under constant pressure to decline. As Saunders points out 'there is no *logical* reason why the entire adjustment needs to fall on expenditure, although governments in most countries have made this their preferred *political* choice' (p.54, italics in the original).

Baumol's thesis was originally applied to the arts and in particular to live theatre and concerts where the possibilities of productivity 'improvements' are especially limited. As a result, attendance prices tend to rise relatively, just as the prices of products where rapid technological change is possible (e.g. computers) tend to fall. Where consumer choice can operate through markets people will gradually change their consumption patterns based both on prevailing price patterns and, of course, on changing tastes. In the case of community services, these choices are largely made through the political process. But the real cost of supplying a constant quantity of services in areas where productivity growth is slow is not therefore avoided. It has to be met either through higher taxes or through higher prices. The problem is that the political process may not reflect what people 'really' want.

As Saunders puts it: 'the nature of the community services sector suggests that expenditure and employment will tend to grow faster than in the economy overall. But there are concerns that these trends also reflect inefficiencies in service provision and delivery, compounded perhaps by bureaucratic and regulatory inflexibilities which serve to protect or further the interests of service providers rather than their clients' (p.73).

Such concerns lead, naturally, to proposals for privatisation of such services. A major intention of such privatisation proposals 'is to dilute the power of the bureaucracy and unionised service providers, thereby enhancing the choice and influence of service consumers... Seen in these terms the goals of privatisation have much to recommend them...' (p.84). But 'many are suspicious that the hidden agenda of welfare privatisation is to allow governments to divest themselves of their social responsibilities, reduce government spending and lower taxes... The issue brought to the fore by welfare privatisation is the tension between the objective of choice and efficiency that are best served by provision through a competitive market and those social objectives which led to the rejection of a market-based approach in the first place' (p.89).

Chapter 6 makes some international and historical examinations of the distributional effect of the provision of community services. By international standards, Australian expenditures on school education and health (either government or employer-subsidised) made a relatively small addition to disposable income. But it is of interest that the contribution of all community services (and, of course, of social security expenditures) is strongly equalising. According to one of Saunders' tables (p.183), a decline of 5 per cent or more in the disposable income of the bottom two deciles in Australia is converted into an income gain exceeding 4.5 per cent once community services (such as Medicare) are included. In this comparison (for the period 1984 to 1988-89), there was a very slight (0.17%) increase in living standards for all households. However, the bottom three deciles gained between 4.6 and almost 6 per cent in final income (i.e. including Medicare and other community services); with the only other decile to increase it's real income being the top decile (which increased by some 3.5%). Hence, the inclusion of community services seems to change the picture of the poor getting poorer quite substantially.[4]

Economic Rationalism and the Welfare State

Saunders devotes a good deal of space to the threat of economic rationalism to the welfare state, with Chapter 5 being explicitly devoted to the topic. Most of what he says on the topic is measured and much more reasonable than the wholesale attacks made by some self-styled 'economic rationalists' on the Welfare State.[5]

While 'there may be individual instances where social programs have produced moral hazard, adverse selection and disincentive effects that warrant attention and, where possible, remedial action... only the most superficial and selective reading of the available evidence provides support for the view that social programs have contributed markedly to the deterioration in economic performance, or to the increased severity of social problems. But this does not mean that all of the ideas associated with the new economic rationalism should be rejected. Far from it. There is much value in thinking about how the design of social policies can benefit from such concepts as consumer choice, competition and market allocations' (pp.102-103). Again Saunders is on firm ground when he argues that economic policies should be judged on the basis of their overall consequences both for efficiency *and* equity (p.151).

It is true, as Saunders argues, that 'there are no simple relationships across OECD countries between economic growth and either total government spending, social spending or spending on transfer programs' (p.135). But this is probably too severe a test. There are very few 'simple relationships' between economic growth and any single political, economic or social variable; the only exception being that countries which invest more of their income, tend to have faster economic growth. Given that profitability tends to be related to investment, one can argue that it is important to allow enterprises to be profitable – and not to tax them 'excessively'. However, this still leaves plenty of leeway for widely varying sizes of government and levels of taxation.

To prevent the dismantling of the welfare state as we know it, Saunders believes it is necessary that 'the underlying rationale for reducing the size of the public sector has to be challenged' (p.156). Two problems confront those who would prefer a more ambitiously redistributive welfare state along Nordic lines. The current difficulties of the most advanced welfare state, Sweden, ought to give one some pause as to whether such massive levels of taxation and redistribution do not have measurable effects on economic efficiency. Secondly, there are general Australian attitudes. As Clive Bean pointed out – in a comparative study of attitudes to government in six western nations – 'what constitutes a "fair go" in (Australia and the United States) appears to revolve around individual endeavour with a smaller emphasis than elsewhere on the government playing a major role and a greater endorsement of private wealth and of not imposing on the wealthy to share their riches'.[6]

The Use of Unit Record Data

Saunders pays tribute to the great advances in data availability in recent years and in the technology available for the transfer and analysis of data. There is no doubt that there have been major advances which have allowed us to improve policy and allow better identification of some of the most seriously disadvantaged Australians. This has probably led to important improvements in social security payments during the 1980s, such as the Family Allowance Supplement and the extension and real increase in rent assistance. It has also allowed us to make all sorts of useful and interesting historical and international comparisons.

On the other hand, it seems at least arguable that these advances have led to a concentration on techniques of measurement and may have distracted the attention of researchers in the welfare area from some important and fundamental substantive issues. While pointing out that 'poverty is now less a problem of inadequate incomes for certain groups, particularly the elderly, and more an issue associated with unemployment, family breakdown (and) homelessness' (pp.219-220), both the homeless and those affected by family breakdown are inadequately catered for by the current welfare research agenda based as it is almost exclusively on the analysis of unit record data and various assumptions about these data.

The 50,000 to 70,000 young people who were estimated to be homeless in 1988 by researchers working for the Human Rights and Equal Opportunities Commission 'would all be excluded from household income surveys' (p.244). There is practically no reference to the homeless in Saunders' book! Nor is there any reference to Aborigines! When one is attempting to write a reasonably comprehensive book on Welfare and Inequality, this is carrying social science compartmentalism too far!

In the case of family breakdown, the predominant research methodology has other drawbacks, connected with the *assumption* of income pooling within the family. As Saunders argues, 'in social policy the emphasis is... on the level and distribution of well-being amongst families (or income units) who are assumed to combine their individual incomes for the benefit of the unit as a whole' (p.196). While there is obvious justification for studying the distribution of well-being among families and income units (as opposed to concentrating wholly on the well-being of individuals even when they live in families), 'there is evidence that the assumption of complete income sharing is often violated... However, even if complete income sharing does not always take place, this does not imply that there is no sharing of income among family members whatever... this (i.e. no income sharing) seems to be an even more unrealistic assumption than that of complete income sharing' (p.197).

But, if we grant Saunders' point that poverty is now more the result of family breakdown, surely some attempt needs to be made to ascertain how much income pooling took place in families which have broken up. Given that families break up for a reason, it may be that income pooling was not very complete in families breaking up. In fact, the women walking out of unsatisfactory relationships may even be better off economically than before – even if poverty researchers are able to show an increase in 'poverty' (based on the *assumption* of previous complete income sharing).

Increasing family break-up is a very widespread phenomenon in the western world. No doubt, it has a good many causes. But it has coincided with increasing economic opportunities for women. Either family life has become more difficult, or – equally plausibly – *the increasing economic opportunities women now have are allowing them to escape from unsatis-*

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factory relationships which they were previously stuck with. In as far as the latter is the case, the resulting increase in poverty is a substitution of measured poverty for previously unmeasured misery.

Finally the non-treatment of the self-employed in unit record data should be mentioned. Saunders points out that, since the work of the Poverty Commission, virtually all studies of poverty have excluded the self-employed. The main reason given by Saunders is that many self-employed are able to use (generally legitimate) tax minimisation schemes so that recorded income 'is a very imperfect indicator of (the self-employed) real economic situation...The problem is that one cannot distinguish between ..two groups of self-employed – the genuinely struggling and the relatively affluent tax minimiser' (p.296).

One of the most important reasons for the difficulty researchers have with the self-employed is not mentioned; namely the much greater volatility of incomes of the self-employed. The latter makes it necessary to use consumption data to ascertain the living standards of such groups. As shown in the present drought, many self-employed can get into situations of acute poverty. It is surely desirable to have access to data which enable researchers to make assessments of the seriousness and relative prevalence of deprivation in such situations.

There is some evidence of increasing interest in using expenditure or consumption data by a number of official European statisticians and, as Travers and Richardson point out 'it is expenditure rather than income which determines the material standard of living of the household'.[7]

The 'Growth' of Poverty During the 1980s

At the beginning of the final chapter entitled 'Poverty and Deprivation in the 1980s' Saunders points out that 'One might expect the 1980s to have been a decade of declining poverty and deprivation, ...the increase in the number of jobs, combined with more generous benefits targeted to low income families with children, ought to have made major inroads into the reduction of poverty carried along by a 'rising tide' of labour market growth and higher family payments' (pp.261-263).

Instead, using the up-dated Henderson Poverty Line, Saunders argues that the incidence of poverty increased by some 56 per cent 'from 10.7 per cent (of all income units) in 1981-82 to 16.7 per cent in 1989-90' (p.269). This picture of an ever-increasing tide of poverty during the 1980s was challenged by Harding and Mitchell in the Australian Tax Forum[8]; an article which led to a comment from Saunders and Matheson and a rejoinder from Mitchell and Harding.[9]

Harding and Mitchell claimed that the proportion of income units in poverty declined from 11.0 per cent in 1981/82 to 9.5 per cent in 1989/90.[10] Instead of an up-dated Henderson Poverty Line, Harding and Mitchell used a poverty line sometimes used in international comparisons, namely 50% of the median equivalent family income.[11] Saunders and Matheson suggest that these findings 'pose a serious challenge to the methods used in poverty research which has produced evidence of increasing poverty during the 1980s'.[12]

No attempt will be made here to adjudicate the many technical points raised in the debate between these two groups of poverty researchers.[13] However, Saunders and Matheson agreed that, if one used 50% of median income as the poverty benchmark, the ever-rising tide of poverty shown by the Henderson Poverty Line updated by the techniques used by both the Melbourne Institute and Saunders, disappeared for all practical purposes. According to Saunders and Matheson, the poverty incidence then moves from 9.3 per cent in 1981/82 to 9.4 per cent in 1989/90.[14]

This raises the question as to which of the two poverty lines is the more reasonable? Since any poverty line is generally recognised to be arbitrary, what is at issue is whether the updating of the Henderson Poverty Line is preferable to using a poverty line such as 50% (or, say 40 or 60%) of median (or possibly mean) income which does away with the necessity of updating.

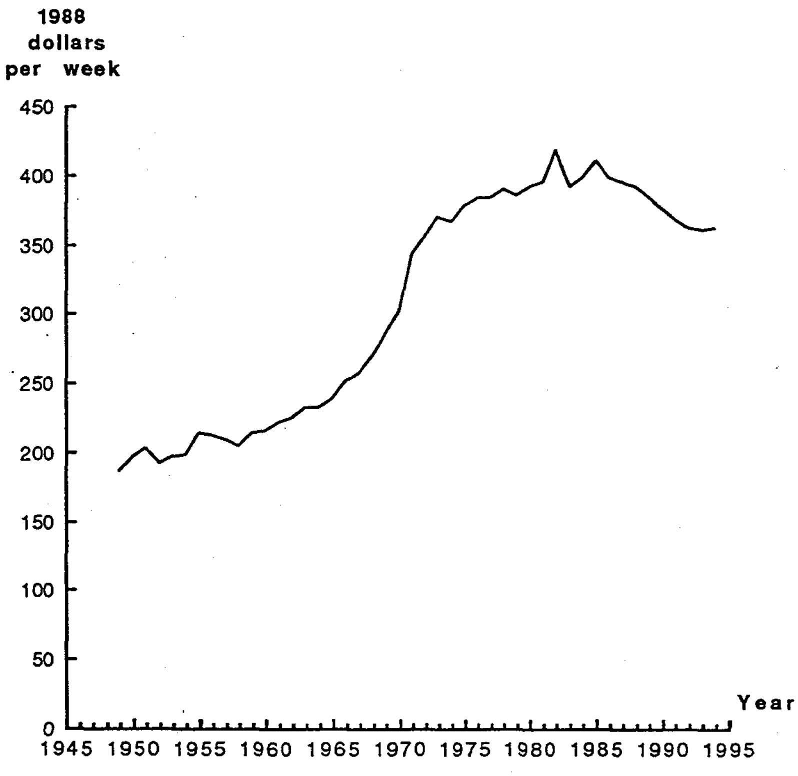
The major point Saunders makes in defence of the updated Henderson poverty line is that although 'no Australian Government has ever officially endorsed the use of the Henderson Line ...it has a high degree of credibility in political discourse generally in Australia' (p.246). At present the Henderson Poverty Line is updated using Household Disposable Income Per Head (HDYPC).[15] In addition, Saunders – supported by the Department of Social Security in the United Kingdom – advances objections to any poverty line based on median (as opposed to mean) incomes.[16]

There would appear to be little a priori reason for choosing one of a number of possible poverty lines. An alternative, discussed by Saunders, is the so-called 'consensual approach to poverty measurements' which attempts to replace the judgement or research findings of experts 'by establishing a poverty standard based on the views of members of the community' (p.236).

Since February 1945, at more or less regular intervals,[17] the Morgan Gallup Poll has asked the following question : 'In your opinion, what's the smallest amount a family of four – two parents and two children – need each week to keep in health and live decently – the smallest amount for all expenses including rent?' This question can be used to assess what a cross-section of the population regard as 'the poverty line' for a 'standard family'. Saunders points out that the consensual poverty line approach seems to lead to some anomalies connected both with the small sample size of the Morgan Gallup Poll and with the systematic variation to the minimum income question according to the size of the respondent family.[18]

However despite these limitations, it is difficult to sustain the view that the consensual approach has nothing to contribute to the debate over the conceptualisation and measurement of poverty. After all, citizens as taxpayers must ultimately bear the burden of financing measures to assist the poor. '*...The consensual approach can, for example, be used to identify how such views* (on what constitutes a minimum level of income) *change over time as prices and incomes vary*' (p.240).

Figure 1 Average Response to the Morgan Minimum Income Question, 1949 to 1994



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Hence, we can use the consensual approach to adjudicate – or at least throw some comparative light – on the dispute between those who favour the updated Henderson Line and those who use the median income concept. Figure 1 gives the change in real income given in the Australian consensual poverty line. It is a reproduction of Saunders' Figure 8.2 (p.241) updated to 1994.

From the late 1940s until the early 1970s, perceptions of the minimum income required (for a 'standard' family of 2 adults and 2 children) increased substantially faster than prices. In constant 1988 dollars, minimum income perceptions more or less doubled over this period (i.e. from around $200 per week to $400). But what is of equal interest is that since the mid-1970s there has been no real increase in the consensual poverty line and, with the onset of the recession[19] there has been a distinct drop of about 10 per cent in the real minimum income specified.

Let us then assess the argument between the two parties. Between 1981/82 and 1989/90 the Henderson Poverty Line increased by 100%, whilst median equivalent family income increased by 89%. It is this difference which produces a steeply rising proportion of the population in poverty according to one measure and a constant (or declining) proportion according to the other. As a matter of interest, over this period, the Consumer Price Index increased by 83%, average weekly earnings increased by 79%.

If one accepts Saunders' earlier judgement that the consensual views can be used to identify what constitutes a minimum income over time one could suggest that even the Harding/Mitchell measure of 50% of median income is somewhat too generous – since the CPI increased more slowly than the median family income. As a matter of interest, the answers to the Morgan Minimum Income Question increased by only 70%.[20] Hence, a poverty line based on the consensual approach would produce a substantial drop in the proportion of the population in poverty over the period 1981/82 to 1989/90.

In a sense this trend in answers to a minimum income question should not be surprising during a period of declining average real wages. Conventional minimum standards are much more likely to be determined by real wage comparisons (especially at the bottom of the income scale) than by the rising incomes of the top 10% of income earners.[21] In addition, per capita household disposable income has risen faster because of (i) a 4 per cent increase in the labour force participation rate, (ii) the inclusion of superannuation earnings (which rose rapidly during the period). Probably none of these three factors would influence community perceptions of what constitutes minimal incomes for a standard family.

If, in addition, one allows for the point made earlier about the equalising effect of community services (including especially Medicare), this reviewer rejects 'the rising tide of poverty' thesis during the 1980s which has been so widely accepted. No doubt, since the recession there *has* been a rising tide of poverty. This will be revealed to us when information from the next income distribution survey is released.

Conclusion

This reviewer believes that the changes to the Australian Welfare State during the last decade or so have achieved a great deal to improve the living standards of the most disadvantaged 20 to 30 per cent of Australians. It is the belittling of this achievement which he regards as the most worrying aspect of 'Welfare and Inequality'.

In addition, inadequate attention is given to examining the factors leading to increasing inequalities in money incomes. How much of it is the result of demographic factors (e.g. the ageing of the population); how much is the result of social factors (e.g. family breakdowns) and how much is the result of economic factors (e.g. the widening in the dispersion of male wage incomes)? Of these factors the economic are the most difficult to pin down. Given that there was a substantial compression of male wage incomes for some two and a half to three decades after World War II, what has caused the great change since the 1970s? Unless we can attempt to come to grips with the *reasons* for the increase in inequality of money incomes over the last decade or so, those of us – like Peter Saunders and the present reviewer – who favour a more egalitarian income distribution than prevails at present – will find it difficult to provide convincing suggestions as to how to counter present trends.

Notes

1. Peter Saunders, *Welfare and Inequality: National and International Perspectives on the Australian Welfare State*, Cambridge University Press, 1994. The page numbers in brackets refer to page references in Saunders' book.
2. Health, Education and Caring services (for the frail and infirm) and the provision of Housing are the major services involved. In Australia, the term 'the social wage' embraces these community services, though it also includes social security expenditures.
3. According to an 1993 OECD study of 'Pension Liabilities in the Seven Major Economies' by Paul Van Den Noord and Richard Herd (OECD Economic Department, Working Paper No. 142) the present value of future liabilities may exceed the present value of future income by a margin that exceeds, on average,

130 per cent of 1990 GDP (and range from 43 per cent of 1990 GDP in the case of the USA to 250 per cent of GDP in the case of Canada).

4. A corrollary of these gains by the bottom income groups is, of course, that the sixty per cent of 'middle' households from the fourth to the ninth deciles experienced real declines in their incomes (including the value of community services consumed).
5. To cite just one example, take the following post hoc ergo propter hoc reasoning from *Fightback!* 'Australians are living with the consequences of a welfare explosion that began under the Whitlam Labor Government. Since 1970, the number of Australians living primarily on government benefits... have risen... from 8 to 16 per cent of (the) total population....The fact that about one Australian in three received some form of government benefit points not to the generosity of the system but to the fact that too many people receive welfare... By all the usual measures, more welfare has not meant a contented society. Divorce, suicide and crime has risen exponentially in the past two decades. Last year, Australians were two and a half times more likely to pass through the divorce courts than in 1971. In particular serious assault per capita has risen 288 per cent since 1973. In the same period robbery per capita has risen 74 per cent, breaking and entering by 52 per cent and fraud by 95 per cent' (p. 19).
6. Clive Bean 'Are Australian attitudes to government different?: a comparison with five other nations' chapter 5 in *Australia Compared* Francis Castles (ed), Allen & Unwin, 1991.
7. 'Living Decently: Material Well-being in Australia' by Peter Travers and Sue Richardson, Oxford University Press, 1993, p. 75.
8. 'The Efficiency and Effectiveness of the Tax-Transfer System in the 1980s' by Ann Harding and Deborah Mitchell, *Australian Tax Forum*, Volume 9, No. 3, 1992.
9. 'The Efficiency and Effectiveness of the Tax-Transfer System in the 1980s – A Comment' by P. Saunders and G. Matheson, *Australian Tax Forum,* vol.10 (1993) and A Rejoinder by Deborah Mitchell and Ann Harding, *ibid.*
10. A. Harding and D. Mitchell, 1992, Table 4 *op. cit.*
11. In this context 'equivalent' means that equivalence scales are used to reflect the fact that a family with, say, three children is worse off than a family with the same income and say no children or only one child.
12. P. Saunders and G. Matheson, 1993 p. 389 *op. cit.*
13. According to an unpublished Master of Public Policy research project – by Stephen Horn – which is a statistical examination of the debate, there are no less than ten important discrepancies between the way in which Harding/Mitchell and Saunders/Matheson have interpreted the basic data from the Australian Bureau of Statistics. These include differences in the family unit, in exclusions, in the way dependent students aged 15-20 years are treated, different definitions of adults/dependants, family aggregate weights, family type coding, median calculations, different ABS unit record files, different tax treatment and of negative incomes. It is doubtful whether an outsider can adjudicate in this matter.
14. See P. Saunders and G. Matheson, *op.cit.* Table 3.
15. This has been the method of updating since March 1981. The Henderson Poverty Line used to be updated using average weekly earnings, until it was pointed out that if there are real increases in taxes, the poverty line will rise relative to

disposable average weekly earnings. Mitchell and Harding make a number of points against the use of HDYPC as an updating method.

16. 'A rise in the incomes of all those in the upper half of the income distribution would, for example, cause mean income but not median income to rise. If the poverty line were tied to median income, such a change would thus have no impact on the poverty line and hence on poverty, even though the relative position of those on low incomes had clearly worsened. Such arguments have led the Department of Social Security in the United Kingdom to favour the use of mean over median income in its analysis of households with low incomes' (228).
17. During the last twenty years the questions have been asked normally every February and July; during the sixties the question was normally asked only once a year.
18. 'The consensual poverty lines were well above the conventional (Henderson) poverty line ...*for single people and childless couples, but increased much less* as the number of children in the family increased....The implication is that "children are cheap"; a result consistent with the findings of others who have used the consensual poverty line approach' (p.239).
19. From 1980 to 1988 the consensual poverty line is around 392 to 400 (1988 dollars); with two atypical peaks of 418 (1982) and 410 (1985). After 1988 there is a drop to 360/361 during 1992, 1993 and 1994.
20. Since Morgan asks his question in July and February, we have taken the percentage rise in the Minimum Income Question for the period (July 1989+February 1990) over (July 1981+February 1982).
21. According to Table 5.3 (p.144) this is the only decile which has significantly increased it's share of equivalent net income.