Study Theme 2: Wealth and Health Inequalities in the United Kingdom

A. The Welfare State

Background:

After WWII the Labour govt set up the Welfare State based on the Beveridge Report. Founders wanted to tackle:

- **Poverty** - (*Want*) - *Social security benefits* to eliminate poverty.
- **Health -** (*Disease)* - *NHS* to treat ill-health.
- **Unemployment -** (*Idleness*) – Govt *policies to reduce unemployment.*
- **Education -** (*Ignorance*) - *Education* services to be improved and made equal for all.
- **Housing -** *(Squalor)* - *Public sector housing* (council houses) to be built for millions.

Welfare state to give help from **the cradle to the grave** and provide a **safety net** for everyone in need.

If a question asks you to what extent the founding principles of the Welfare State are being met, answers can be flexible and a variety of approaches will be acceptable. We concentrate below mainly on Poverty, Health and Unemployment but you may also include paragraphs on education and housing …. so lets start with these.

1. Housing

After WWII – severe lack of housing – govt & local councils funding massive public sector housing schemes (i.e. council housing) – by 1980s most people in Scotland lived in council houses – Conservative govt changed this – concentrated on private sector – now most people own their own house. However, housing boom has led to expensive houses so many people (particularly first-time buyers) can't afford to buy. Prices dropped recently but difficult to get mortgages due to banking crisis.

However a failure to build enough pubic sector houses for 30 years means there is now a real shortage. No affordable housing in many areas. Housing associations were set up to use public money to meet such needs but still a great shortage.

Many people are therefore forced to live in privately rented sector. People on low incomes receive Housing Benefit to help meet rents. Billions spent on this - (£11
6 bn in 2008). Coalition govt wants to cut this so has announced limits will be put on amount that can be claimed. This will hit those living in areas where rents are high (e.g. parts of London). Govt claims tax payer should not subsidise such high rents. **However**, critics claim this means some areas will become exclusively for the well-off which is bad for the area and means whole families will have to leave areas where they have lived for generations.

2. Education

The Welfare State saw big expansion in schooling. Aim was to help people from lower classes achieve mobility through educational success. All children now in full-time education till 16 and majority go on to college / univ. Almost 50% now at university.

However, vast growth of university sector cost last Labour govt billions in the noughties. Now, with economic recession and govt cutbacks, new govt claims it must introduce tuition fees of up to £9000 p.a. Students only pay once earning above a certain amount but most will leave with big debts. This may put some off going to univ and critics claim the wealthiest gain because they can afford to pay. On the other hand, the govt claims help will be given to people from poor backgrounds.

Another education issue is *Sure Start* programme for deprived areas which gives help to families so young children get a good start and avoid many problems as they grow older – problem that new govt not able to fund Sure Start as well as in past. Programme will continue but reduced and some families will miss out.

There is also the issue of independent schools – 90% of children go to state schools. However, some claim those who can afford fees for independent schools buy a better start for their children with extra facilities and smaller classes which helps get better qualifications. If the state sector suffers from more cutbacks, the wealthy may benefit from a greater educational inequality. On the other hand, a recession may mean a lack of money will force more families to choose state schools over independent sector.

3. Poverty in the UK - The Wealth Gap

Since WWII, Britain has become a much richer country so real poverty has declined. However, a country can be rich but have many citizens **relatively** poor compared to others. This is **inequality**. The UK is an unequal society - 2011 figures show the richest 10% of the population own almost 60% of the country's wealth.

Those in top jobs earn huge salaries. e.g reports of bankers bonuses. Others in low-paid or part-time jobs earn very little. In 2005, the top 20% of earners earned on average £70,000 while the bottom 20% earned on average £4,000. All major political parties accept the need to redistribute income by higher taxation on the well paid and using some of this to give welfare benefits to the less well off though they disagree about how best to do this.

Those who benefit most from redistribution are single-adults with children, the unemployed, pensioners and disabled people. Benefits make a vital difference to millions of people. In 2005, benefits made up 60% of the income of the poorest 20% but only 2% for the top 20% of earners. The top 20% get universal benefits such as the state pension but do *not* get means-tested benefits such as housing benefit or income support which only go to those

with low or no income. Child Benefit was a universal benefit but the coalition govt removed it from those earning over £40,000 because of need to cut public (govt) spending.

Social Classes in the UK:

We often speak about different classes in the UK but how do we classify this? The following is commonly used:

I	Professional	(A)
II	Managerial & Technical	(B)
III	Skilled - Non Manual	(C1)
	Skilled - Manual	(C2)
IV	Semi-skilled	(D)
V	Unskilled	(E)

Govt uses these categories to measure changes and trends and how well its policies on wealth & health are working. Other organisations such as political parties and private companies such as supermarkets use this and similar tables.

4. Health In The UK - The National Health Service (NHS)

NHS a huge success. Life expectancy in the UK has risen consistently since it was established. Also recent surveys show patients are also generally satisfied with the care they receive from the NHS.

However, health outcomes are complex and difficult to measure. More measurement was brought in under the Labour govt from 1997-10 with its policy of **target setting**. NHS managers put doctors, nurses, etc. under great pressure to meet targets for operations, patients seen, waiting lists, etc. Govt also introduced the NHS league tables which could make hospitals etc. look bad compared to others.

Targets have had an effect in increasing the number of patients seen and cutting waiting lists etc. On the other hand, critics claim the NHS has become obsessed with meeting narrow targets and sometimes the broader health needs of patients suffer (e.g. the need to release people quickly so operating theatres and hospital beds can be used efficiently means some people (particularly older people) go home too early and end up being readmitted. This ends up costing the NHS *more* but it doesn't show up in the narrow targets which have been met.

Overall, the NHS has become a **victim of its own success**. ...

Firstly, it now keeps people alive longer and as they grow old, their body requires more treatment. On average, a pensioner costs the NHS 6 times more than a teenager.

Secondly, new drugs and new medical techniques are discovered. For example, the survival rate for most cancers has increased substantially – the five-year survival for women diagnosed with breast cancer during 2003-2007 was

83.3 per cent, a 1.5% increase since 2001 and a big increase on the figures for the 1960s & 70s. This is great news. However, the new drugs and treatments can be extremely expensive for the NHS.
Thirdly, another reason why the NHS is a victim of its own success is that as it successfully treats more conditions, **expectations** rise. We now *expect* to enjoy healthier lives and *expect* the NHS to treat conditions previous generations would have put up with – e.g. very expensive orthodontic treatment for children.

All **three factors** have contributed to a huge rise in NHS spending – inow £100+ billion a year. **However**, while the voters demand excellent treatment from the NHS, they do not support higher taxes to pay for it. This is a problem for politicians. They want to reassure voters their party will provide a modern, first-class NHS but they do not want to frighten voters off by admitting this will mean higher taxes. So they talk a lot about cutting waste.

The coalition govt aims to keep NHS spending in England the same as last year. However, the cost of new treatments, etc. is so great that NHS spending goes up more quickly than in other govt sectors, so keeping spending levels the same as last year actually means savings and cuts in services will be needed (The NHS is separate in Scotland but it faces the same basic funding problems as the NHS south of the border.)

5. Unemployment

The Welfare State also aimed to tackle the problem of unemployment (idleness). Accordingly, govts ever since have developed policies to increase employment in the economy and to encourage people to work rather than live on welfare benefits. There is information below on unemployment and the ways govts have tried to help people into work through a combination of benefits (e.g. Job Seekers Allowance) advice (e.g. Jobcentre Plus) and training (e.g. Modern Apprenticeships) .. and also on the problems of getting people out of the cycle of deprivation.

However, there is a central and important point. The govt. employs a lot of people … (e.g. Britain's NHS is the biggest employer in Europe). However, any govt needs to raise taxes to pay for its public sector workers. Therefore the economy has to do well and private businesses must be profitable so that they can pay tax and employ workers who then also pay taxes.

This shows us that a govt's success with employment policies will depend upon the state of the country's economy. Over many years, the UK economy has grown consistently but there have been peaks and troughs. When the economy is booming it is easier for workers to find employment and the govt takes in a lot of tax which can be spent on the welfare state and other things. However, when the economy is in recession as it has been recently, then any govt finds it difficult to keep employment high. It cannot simply employ more and more workers as it would have to borrow more and more money to pay them. Eventually, this has to be paid back and when countries are unable to do so, they face terrible problems. This explains why Greece, Portugal and Ireland are in great difficulties at the moment – and also why the UK is cutting govt. spending.

What is the evidence of inequalities in wealth?

There are great inequalities in income and wealth in the UK. **Absolute Poverty** - a lack of basic needs such as food & shelter is rare in the UK but r**elative poverty** is fairly common. The Govt says households living in poverty are those earning below 60% of the 'median' (i.e. middle income) for the country. As the economy grows,incomes rise and so does will the median income – and therefore so does the threshold for poverty. Clearly, relative poverty will *always* exist. **However**, by redistributing income from the well-off to the less well-off through taxation and benefits, the govt can move more people *above* the poverty threshold. The last Labour govt spoke a lot about doing this and introduced policies aimed at doing so. (More later on how successful they were in tackling poverty.)

What is the extent of poverty in the modern UK? (Some facts and figures):

- Most experts believe around 25% of the UK live in relative poverty.
- Around 10 million cannot afford to keep their houses adequately heated, or reasonably decorated
- the level of poverty is higher among women, children, lone-parent families, pensioners, those without qualifications and the unemployed.

So what causes poverty? (i.e. What are the causes of Inequalities in Wealth?)

There are a range of factors which affect inequalities in wealth. These include:

People becoming unemployed

Low Pay

Gender

Race

Age

Region

People becoming unemployed

In February 2011, UK unemployment stood at 2.5 million which is 7.8% of the workforce. This reflected economic problems facing the UK. If the economy improves the level will fall. If it gets worse, unemployment will rise. Recent figures also show women and young people are suffering most. Women are particularly badly hit by govt cuts in the public sector because more women than men work n the public sector. 16-25 year-olds are also finding it tough – 20% are out of work.

Cutbacks in govt spending will cause more redundancies among public service workers so 3 million or more could be on the horizon unless there is a rapid growth in the private sector (i.e. private companies such as Tesco, etc.)

Unemployment reflects changes in economy. The UK and particularly Scotland suffered when heavy industries moved to countries with workers on low wages. Areas such as Glasgow were badly affected as the UK economy moved towards the service sector (banking, hospitality, childcare, etc. Such changes can lead to long-term unemployment as old skills are no longer needed and people need retraining -an important role for the govt.

For young people, unemployment is often related to poor levels of education. 2005 figures from the govt's 'Social Trends' data – (this is the official stat__________s published by the govt) - showed that 88% of people with a degree were in work while only 48% of those with no qualifications were employed. There is a really deep problem among the young group of NEETS which is young people Not in Education Employment or Training. Their self-esteem and confidence often drops and some end up making poor lifestyle choices such as d_____s & c____e.

In fact, **lifestyle choices** are not just a problem for young NEETs. In certain parts of the country where poverty is high and social and family breakdown is commonplace, figures show the population as a whole has higher rates of alcohol and drug misuse as well as smoking, obesity and heart disease. Such ill-health makes many unemployable which again means they are more likely to become trapped in poverty.

Low Pay

Working is the best way for people to avoid poverty but unfortunately many jobs such as cleaning and catering have low pay. Many workers end up on short term, poorly-paid contracts with spells of unemployment in between them. A disheartening cycle of **low pay - no pay** develops and it is very difficult to find a way out of poverty.

Certain groups are more likely to end up in low-paid jobs. **Women** are more likely to care for children and /or the elderly and can end up in part-time poorly-paid jobs with hours that suit rather than in well-paid, full-time careers. In 2004 in Scotland, the median (middle) income for women was £75 per week less than it was for men! In 2006 official govt figures showed female UK workers earned 27% less than their male counterparts.

Gender

We have just seen that women are more likely to live in poverty than men. They are more likely to earn low-pay or work part-time in sectors such as caring or sales which traditionally pay less. They are also more likely to be the head of lone-parent families with the extra challenges this presents to running a family. As a result, women are more likely to become welfare dependent in the sense that they cannot take up low-paid jobs which mean losing benefits worth more than they would earn or the extra amount they need to pay the extra child-care costs when they are at work. Again we see the poverty trap in action – they lose more money by taking a job! Women also tend to live longer than men leading to more poverty in old age.

Some figures on women & employment which show the gender pay gap:

- In 2005 Directors and Chief Execs: average pay £56,000 - 17% women / 83% men
- In 2005 cleaners, sales and catering assistants: average pay £6000 - 73% women / 27% men
- 42% of women work part-time. 9% of men work part time. Part-time work is less-well paid.
- 7% of top judges are women

The Glass Ceiling

The difficulty facing women reaching top jobs is called the Glass Ceiling – caused by a combination of some women taking career breaks which affect their promotion opportunities, some not pushing themselves forward, and some old-fashioned sexism and discrimination. **However**, substantial improvements in recent years, and as more reach the top, and girls out-perform boys in schools and universities, then the future may see many more succeed.

Women have also been helped by **legislation** - particularly by the **Equal Pay Act** and the **Sex Discrimination Act**. They made unfair treatment of women illegal and, although it can be difficult to prove, some high-profile successes at industrial tribunals do show the laws can work, particularly with big companies keen to retain a good reputation.

Of course, recruiting talented women also makes great sense for the good of these organisations. The public sector has done better with 25% of top civil servants now being women. However, this is still a lot less than men so many commentators feel a lot more needs to be done to reach a level playing field.

Ethnic Minorities - Race

Race is another factor which causes wealth inequalities. UK govt passed the Race Relations Act to make it illegal to discriminate against people because of their race or religion. The legislation has been amended over the years and things have definitely improved. **However** differences still exist& ethnic groups are still more likely to live in poverty.

- In 2005, 18% of Whites lived in poverty while 30% from the Indian community, 35% of Blacks and 52% from the Pakistani/ Bangladeshi community lived in poverty. In other words, in 2005 the Pakistani / Bangladeshi group had three times the relative poverty of Whites!!

Despite the law, **discrimination** still exists, though nowhere near as much as during the 60s & 70s. When CVs are similar, ethnic minorities are less likely to get an interview and tribunals still find some employers discriminate. **However**, some members of ethnic groups have particular problems (e.g. an inability to speak good English).

Poor educational achievement is also a major problem for some ethnic groups because income and employment depend so much on qualifications. In 2004, approximately 15% of whites had no qualifications while the figure for the Pakistani / Bangladeshi community was a huge 45%! As a result, they are at big disadvantage in the labour market and often have to depend on low-paid jobs and means-tested benefits for income. **On the other hand**, at the other end of the scale some ethnic groups do much better than whites. The Indian and Chinese ethnic group tend to

value education more highly and in 2004 they had almost twice as high a proportion of young adults with degrees. They get better jobs and their communities are prospering compared to other ethnic groups.

One reason for differences *between* groups is **culture.** Many Pakistani and Bangladeshi UK citizens are Muslim and have a traditional belief in a family structure with the woman looking after the home and the man as the breadwinner. A high proportion have larger than average families so, with only one breadwinner, often in low-paid employment, more fall below the poverty level and become dependent upon state benefits.

Meanwhile, in the Caribbean community, one key aspect of culture seems to be changing as many young people moving away from marriage and a large proportion of young fathers do not live with their children, so leaving many women as lone parents. On the other hand, such women are often very good parents with a higher proportion of Caribbean women working full-time than white women who are in the same position.

Age

Age also plays a role - both the young and the old are more likely to live in poverty. When Tony Blair and New Labour came to power in 1997 they made it a priority to reduce both groups living in poverty. They brought in targeted policies to do so … and **did** succeed in cutting numbers. However despite this, large proportions of both groups were **still** living in relative poverty when they left office in 2010 …... and it is very hard to see the coalition government making a big improvement when the state of the economy is forcing massive cuts in pubic spending, including major cuts in welfare benefits. (You have a separate hand-out on how the coalition govt plans to change the welfare system – it's the one which refers to their plans for a single 'Universal Benefit'.)

A figure …

> In 2005, 27% of all children (i.e. 3.5 million) lived in relative poverty. Labour policies reduced this at a time when the economy was booming. In April 2011, figures showed child poverty had stopped falling and many experts think is likely to start rising again as the new govt cuts benefits.

Children

Children most at risk are those in lone-parent families or with low-paid or unemployed parents. A **poverty cycle** often develops. Poor households have poorer diets so health suffers. Poor housing means kids more likely to have asthma and twice as likely to suffer serious illness. Children also tend to do less well at school to get poorer qualifications. As adults they are more likely to suffer ill-health, to end up in the low pay no pay cycle and get involved in alcohol or substance misuse. They are therefore more likely to end up in prison or in abusive relationships. So children living in poverty are more likely to end up as adults living in poverty *and* find it difficult to escape the cycle – so are more likely to pass the same problems on to the next generation.

Pensioners

n 1997 there were 2.7 million pensioners living in relative poverty **but** by 2010 the figure had dropped to 2.0 million. Pensioner poverty dropped between 1997 and 2010 because the Labour govt tar_____ed this group along with children living in poverty. **However**, 2 million is still a lot and a large proportion of the pensioners in the UK!

On the other hand, a growing number of pensioners own their own homes and have built up good occupational pensions. They enjoy a very high standard of living compared to those who try to live on the basic state pension.

Geography

There are also regional inequalities. There is more poverty in the North of England, Scotland, Wales & N. Ireland than in London and the south-east of England. This is often referred to as the North-South Divide. Figures for Jan 2011 show unemployment in Scotland at **8.4%** compared to **7.9%** for the UK as a whole. So Scotland is suffering more. **On the other hand**, this is not a massive difference and it is much less than it used to be in the 80s & 90s when Scotland lost industries such as mining and shipbuilding.

There is a North-South divide. **However** some are more concerned with wealth and poverty side by side in all parts of the UK. Some see Edinburgh as rich and Glasgow as a poor but both have areas of great wealth and poverty.

The poorest areas are those with the highest rates of unemployment and low-income work which leads to the other problems of **multiple deprivation** – sub standard housing, poor diet, poor educational outcomes, lack of self-esteem, high rates of crime and substance abuse, family breakdown … and the **cycle of poverty** is once more clear to see. When problems are layered upon each other it becomes very difficult for governments to find solutions.

Govt responses to wealth inequalities

So what steps have govts taken to tackle the wealth inequalities outlined above?

The **most important way the govt affects poverty** is by collecting tax and redistributing it partly as welfare benefits and also as programmes to help people into work. This has massive impact as it determines how much is taken from the better off and given to disadvantaged groups such as the unemployed, disabled, lone parents, etc. All parties agree the rich should pay more in tax and money should be redistributed to those in need. The **debate between parties** is over *how much* should be taken in taxation and to which groups it should be redistributed.

Those on the left (including many Labour supporters) say the govt needs to play a big role by increasing taxes on the richest groups such as bankers and using the money to help those least able to compete in a market economy. On the other hand, people on the right of politics, including many Conservatives, claim raising too much in tax will stop people working as hard and lead some (e.g. rich bankers) to move abroad. They claim this will greatly harm the UK economy. Instead, they say it is best to give people the freedom to earn a lot of money so they pay a lot of tax and also spend more on goods & services which helps to create more jobs in shops, factories, etc.

The Labour Govt of 1997-2010 promoted **social inclusion** as a means of tackling wealth inequalities. The core aim was to help people find employment as a way to end their poverty. This meant creating paths into work and giving people incentives (i.e. good reasons) to follow those routes rather than exist solely on benefits. This would reduce people's dependence on benefits and help millions contribute to the economy through work

Labour wanted to shift the balance between work and benefits by making it more attractive to work. A good example was their approach to Job Seekers Allowance which is the main but not only benefit for the unemployed. It can be a big help for people when they lose their job but the govt decided to set a time limit of 6 months. When the time runs out the incentive to switch from welfare (i.e. benefits) to work obviously increases.
However, some critics claim the real problem is not that people don't want to work but that there are simply too few jobs available during a recession. They claim the govt's real role should be to *create* more jobs. On the other hand, most politicians say it is not the govt's job to create jobs. Their role is to help the businesses create more jobs.

Now we look at some of the Govt strategies to get people into work. Then we will look at Benefits Payments.

Strategies to encourage people into work

Different policies are aimed at different groups such as: school leavers, lone-parents, etc. The approach has been to help people find jobs, and also to help them train in the skills the job market needs. The policies include:

Jobcentre Plus

The New Deal

National Minimum Wage

Working Tax Credit

Skillseekers & Modern Apprenticeships.

Jobcentre Plus is a network of job centres and a website which help people find a suitable job as well as claim the correct benefits when they are unemployed. Personal advisers aim to help people find a path into work.

The New Deal was brought in by Labour as the main strategy for getting the unemployed into work. It does so by providing training and subsidising (i.e. paying some of the wages) to persuade companies to offer work experience. The main focus was on the New Deal for Young People and to this was added New Deal 25+, New Deal 50+, New Deal for Lone Parents, New Deal for the Disabled, etc. When people go on New Deal they receive work experience, training and help preparing for interviews.

Jobcentre Plus and The New Deal both **help people find employment**. Meanwhile, **Working Tax Credit** and **The National Minimum Wage** have a different focus. They try to **help those already in work but who are on low incomes**. The aim is to help them **stay** in work and avoid the poverty trap where a low paid job costs them more in lost benefits than they earn. Working Tax Credit lets people pay less tax and so keep more of their income. Child Tax Credit is paid to millions of families. It is means-tested and aimed specifically at families. It is targeted at households with children and was brought in to help meet the Labour's govt's policy of reducing the level of child poverty in the UK.

Skillseekers is a programme which helps young people aged 16-24 gain a recognised workplace qualification. The scheme is flexible to help meet the needs of the employer and young person. **Modern Apprenticeships** are also

targeted mainly at the 16-24 group. They provide training in a wide range of skills and have proved popular with many companies. In 2006, there were 35,000 Modern Apprentices training in Scotland.

Benefit Payments

Alongside the above strategies to help people find and keep work, the Labour govt also introduced benefits to help those who are out of work. The benefits include:

- **Jobseekers Allowance**
  - **Income Support**
    - **Pension Credit & Winter Fuel Payment**
      - **Other benefits from govt & councils for people on low income**
      - **Sure Start**

Jobseekers Allowance (JSA) is paid to people who can work and are actively looking for a job. It is a key benefit paid to people on a New Deal scheme. If they refuse to join New Deal, the lose their Jobseeker's Allowance.
JSA lasts 6 months by which time the person is expected to be working in training or in full-time education.

Meanwhile **Income Support** is for people who cannot work for various reasons such as childcare or who work less than 16 hours. Income Support is means-tested and depends upon age, family size, disability, etc. Critics say the rules around Income Support are very complex and therefore many people do not get what they are entitled to.

There are also benefits aimed specifically at pensioners because the govt set the target of reducing poverty in this age group. **Pension Credit** was introduced to provide a minimum income for pensioners and those with extra needs can claim more while **Winter Fuel Payments** are one-off payments help with heating costs.

Other benefits for people on low incomes include free eye tests & dental treatment as well as benefits from local councils such as Housing Benefit, Council Tax Benefit and free school meals.

And finally, there is **Sure Start -** a programme aimed at children and their carers in disadvantaged areas. Sure Start intervenes at an early age in range of ways to help children develop and avoid serious problems as they grow up. It covers early learnng as well as support and health services for the whole family. Sure Start It is expensive to run, but supporters claim it can save a lot money on the cost of benefits, crime and health problems in the future.

So how effective are these Govt Policies in tackling Wealth Inequalities?

The govt sets targets for tackling wealth inequalities so it can judge if its policies are having the right effect. The results below relate to the Labour govt policies – it's too early to judge the policies of the new coalition govt. (See the note on their plans for dramatic reform to the welfare system.)

Figures below do not include the worst impact of the recession **and** cuts in public spending the recession has forced. The worst of the cuts are arriving in 2011 and it seems very likely the figures will get worse for unemployment, low pay and poverty. However, we can look at the impact of Labour govt polices - the info you will use in the exam.

So what happened to unemployment?

Labour tried to help people into work and make it worth their while to *stay* in work. The combination of the New Deal, Working Tax Credit and NMW helped to do this. By 2006, unemployment dropped from 7% to 5%. **However**, critics point out the improvement was at a time when the UK economy was booming and this certainly helped improve the figures. When the recession took hold in 2008 the trend went into reverse, and as we have seen, the unemployment rate in January 2011 was almost 8% … and rising. Though Labour said the recession was worldwide and unemployment in the UK was inevitably going to rise.

And what happened to low-pay?

Then National Minimum Wage has helped to increase the income of over a million workers in the lowest paid jobs. 75% of these are women.

What about Child Poverty?

The Labour Govt's policies had a major effect on child poverty – the number living in poverty was reduced by 1.3 million. Tax credits helped 40% of lone mothers to escape poverty.

On the other hand, the high cost of child-care is still a major barrier which prevents many parents working as they end up worse off than if they were living on benefits and not paying child-care costs. From this it is clear that more affordable child-care is necessary to give many people a ladder out of poverty and into work. The problem is that child-care is very expensive. It would cost a govt billions to subsidise … at a time when govt cuts are necessary.

Moreover, figures in April 2011 showed the trend towards less child poverty had halted … and economic problems makes it more likely to start rising again.

And how about Pensioner Poverty?

Pension Credits and Winter Fuel Payments have helped reduce the number of pensioners living in poverty to around 20% but many pensioners still live in poverty because the state pension fails to provide a good standard of living … and govt cannot greatly increase when millions of people draw the pension, and people are also living longer. Even now, thousands of pensioners die in the winter when experts believe warmer housing could save many.

Also, a lot govt help is available to reduce pensioner poverty. However, critics claim the system is far too complex with 23 separate benefits available. Moreover, it is largely means-tested which puts a lot of proud older people off claiming (e.g. one third do not claim Council Tax Benefit which they are entitled to).

The Govt wants a solution to pensioner poverty - as people live longer, state pensions put an increasing burden on public spending. The govt set up the Turner Report in 2005 to suggest solutions. As a result, the govt will gradually raise the retirement age to 68 by 2050. There will also be steps to increse private and occupational pensions.

Now bring things bang up-to-date with the handouts which outline coalition plans for a major reform of the welfare system (see the Modern Studies Club website).

Social exclusion

People trapped in poverty and feeling cut off from mainstream society are often said to feel socially excluded. This has increased as a result of economic and social changes over the past 50 years. - long-term unemployment and a breakdown of the traditional family shown by higher rates of divorce, and lone-parent households. ***Not** everyone* affected by such factors feels socially excluded but many suffer problems.

People out of work or on low pay and living in poor areas face real problems. A balanced diet is difficult, particularly as many areas with multiple deprivation have no shops with fruit & veg at cheap prices. Families don't have heated, comfortable housing with room for children to study properly .. who may then do poorly at school and come under pressure to get involved in nearby gangs, drug, alcohol & crime. Lifestyle choices are very limited … the difficulty of finding a good job means a family becomes tapped in a cycle of poverty.

Low self-esteem can also mean people don't deal with schools, councils, employers, etc in the way confident people in a well-paid jobs do. Govt and local councils try to reach such groups with a variety of programmes but is difficult because the problems facing the poor areas of towns and cities are deep-rooted & interlinked. (see below)

The Cycle of Poverty

Problems of social exclusion cluster in some neighbourhoods. Not everyone there lives a life of social exclusion … but the risks of doing so are higher. Within the disadvantaged areas, a cycle of deprivation can develop. For example, individuals with poor educational qualifications may find it difficult to get work so live in poor housing.

Crime is high in such areas. This increases stress … which may lead to poor lifestyle choices such as smoking, drinking and no balanced diet. One-parent families are often successful but they face tough challenges,. They are more common in deprived areas and poor parenting is more common. Children brought up in such households are less likely to do well at school because they do not have access to books, etc. and may not receive the same parental pressure to do well at school. They are more likely to end up with poor educational qualifications. This in turn means they are more likely to be unemployed, etc., etc.

They whole cycle continues and families can easily become trapped in a '**cycle of deprivation**' or 'cycle of poverty'. Of course, some *do* break out of the cycle but this requires drive and they may need expensive support.

Health In The UK - The National Health Service (NHS)

Founding principles of the NHS …

- **COLLECTIVIST** – govt run NHS paid for by general taxation and National Insurance (a type of tax)
- **UNIVERSAL** – everyone entitled to benefit from the NHS as their right
- **COMPREHENSIVE** – the NHS to cover all aspects of an individuals health - (body & mind)
- **EQUAL** – standard of care to be uniform for all no matter who or where

As we have seen (Page 3 above), the NHS has been a huge success with consistent improvements in health for all groups. However it is a victim of its own success in that people living longer costs it more money, it has introduced many new drugs and treatments which are effective but also expensive, and finally, its improvement have led to ever rising expectations from the people of Britain. Surveys show patients are generally happy with their care.

Funding of the NHS

Founders thought NHS would cure illnesses so costs would not rise. However size and cost has grown ever since. NHS now largest employer in Europe with 1.6 million staff including 40,000 GPs and 400,000 nurses. In real terms, NHS budget now 10 times more than it was in 1945. In 2009, the NHS cost over £100 billion!

During the Labour Govt of 1997-2010 there was a major increase in funding for a major modernisation programme. New coalition government took over in a severe economic recession so NHS faces years of efficiency savings. Even if the govt meets promise to keep NHS spending at the same level, inflation in the NHS is well above the normal rate which means real cuts and savings are required.

60% of the NHS budget goes on staff - 20% on drugs & supplies - remaining 20% split between equipment buildings, catering & cleaning.

The money to pay for the NHS comes directly from general taxation and national insurance. According to independent bodies, this remains the "cheapest and fairest" way of funding health care when compared with other systems used in other countries such as the USA where a lot of health care is very dependent upon personal wealth or having a good health insurance policy. In 2008/9, the NHS budget roughly equalled £2000 for every man, woman and child in the UK! Govt says such massive amounts must be spent wisely with as little waste as possible. **However**, in a massive organisation there will always be some level of waste.

Structure of the NHS

In England, the Department of Health controls NHS. Controls England's 10 Strategic Health Authorities (SHAs), which oversee all NHS activities in their own area. Scotland Wales and N. Ireland run their own NHS services.

Reform of the NHS

When Tony Blair led Labour to a landslide victory in the 1997 General Election it inherited an NHS across the UK which was using the Conservative idea of an '**internal market**'. This was based on the idea that hospitals would run more efficiently if they had to compete with other hospitals for the patients GPs (i.e. family doctors) sent to them. The Labour Party did not support the idea of competion within the NHS and instead introduced a system based around co-operation between health professionals. Primary Care Trusts (PCTs) were set up to allow GPs to have a bigger ___ and to give them a key role in working with other health professionals. PCTs were made up of local GPs , district nurses, physiotherapists, etc. Hospital Trusts were also set up to organise hospitals for the local area.

Now new coalition govt plans further changes (as we shall see later). This raises a major criticism m of the way the NHS has been managed by successive govts over the past 30 years. It has been described by some commentators as a political football where a new govt comes in and sets about major reconstruction to suit its own poliicies and theories aimed at making the system more efficient and successful. The problem is that *while change may be necessary*, especially when a modern, technological world develops so quickly, it may be that *constant change may be destructive to the NHS and the morale of its staff.*

Structure of the NHS in Scotland

Two years after coming to power, Labour introduced devolution to Scotland with the opening of a new Scottish Parliament in 1999. Health then became a devolved matter. Accordingly, the NHS in Scotland has a different set-up from England. The Scottish Parliament has appointed 15 Health Boards (such as Lothians Health Board). These Health Boards organise three main types of services. *Hospital services* through General Hospitals in every Health Board. *Pr______y health care* including GPs, opt________, dentists, and pharmacists is managed separately in the local communities by Community Health Partnerships (CHPs) Thirdly, there are some *local authority health services* such as district nurses, health visitors, midwives and special clinics which are organised in the local community they serve.

Evidence of Health inequalities

Health in the UK has improved greatly over the years with all groups in the population benefiting. **However**, there is a 'health gap' with those in disadvantaged groups likely to suffer poor health and die earlier than the well-off.

Health inequalities are driven by inequalities in society. The reasons for health inequalities are complex because many factors affect health – wealth, jobs, education, housing, gender, ethnicity, stress and the uptake of NHS services. Poor health is also related to the poor lifestyle choices made by some people with regard to smoking, drinking, taking drugs, diet or failing to exercise. Health inequalities represent the cumulative effect of these factors and they can be passed on from one generation to the next.

Social Class and Poor Health

Many studies show social class is the main factor in health inequalities in the UK. Occupation is the main factor in social class and figures show people in low level occupations have poorer health than those in professional occupations, with the long-term unemployed having still poorer health.

Someone's social class and the type of job affects their income which largely determines the housing they live in. Figures show that owner-occupiers enjoy better health on average than those who rent privately, while council house tenants show the highest levels of poor health.

Social class differences are also apparent in serious illnesses with heart disease and cancer causing more early deaths among lower income groups while those in higher socio-economic classes tend to survive longer.

Lifestyle Choices

Social class has a major impact but individual lifestyle choices which people choose can also have a major impact. The main lifestyle issues are smoking, drinking, drugs, diet and exercise.

Smoking is the biggest single cause of illness and premature death in the UK causing 105,000 deaths each year. Recent years have seen a drop in smoking to one in four adults (2004) but there is a big difference in smoking levels between social classes. In 2008, 27% of manual workers smoked but only 16% of non-manual workers did. Therefore people dying from smoking-related diseases is much higher among lower socio-economic groups.

Of course, the decision to smoke is an individual one so it is very tempting to put all the 'blame' on the individual smoker. However, like other life-style choices such as drugs and alcohol misuse, it is greatly affected by the environment where people grow up. Children from households where adults smoke are more likely to develop the habit, as are those who live in areas where smoking is more commonplace among peer groups (i.e. people of the same age). Scotland has higher rates of smoking and more smoking-related ill health than the UK as a whole.

Drinking causes major social problems in town centres, on roads (1 in 6 RTA deaths are related to alcohol) and in the home (domestic violence). Men are more likely to drink heavily than women but many females, especially younger females also drink too much. Binge drinking is a major problem, especially among the young.

Drugs - 10% of UK adults admit to taking so-called recreational drugs - the true figure may be higher. Many drug users have chaotic lifestyle so can't hold down a job which leads to a shortage of income and its related problems. Their children often suffer terribly from the chaos. The health of drug users eclines and the cost to the NHS is huge. Drug addition also affects the rest of the community as a lot of crime is to feed the habit of drug users.

Poor Diet & Obesity has increased greatly among adults and children in the UK since the 1980s. Convenience foods are high in fat, sugar and salt but are attractive to busy people who work long hours. Car use has increased and most jobs require little physical activity while children are exercising much less than 30 years ago.

Obesity is rising steeply - in 2007, 29% of men in the UK were obese along with 23% of women! This is big problem for the NHS as obesity increases health problems such as heart disease, strokes, diabetes and cancer. The UK has one of the highest rates for overweight children in Europe so the problem is not set to improve soon.

Half of obese people come from disadvantaged or low-income communities which shows that choosing to eat a poor diet may be an individual lifestyle choice **but** cultural and environmental factors are also clearly at play. Those in professional & managerial jobs are less likely to be obese than unskilled workers or the unemployed. This may be because those in socio-economic groups A & B are better educated about the dangers of obesity.

Individuals within social groups tend to share the same diet and exercise norms as others in their group. For example, poor diet is a problem in Scotland where consumption of sugar and fatty foods is high but fruit and veg is low – so we have higher rates of heart disease and cancer. Scots make individual lifestyle decisions on food but family, friends and Scottish cul______ all play a role.

Gender Inequalities

The life-expectancy of both men and women has increased steadily due to improvements in nutrition and health care – recent figures predict babies born now will reach 100 on average. However, women live on average 4 years longer than men. In 2008, the average woman could expect to live to 82 while the average man could expect to live to 78. Of course these figures differ from area to area but women consistently live longer in all areas.

Causes of death vary between the sexes but not to a huge amount. In women, cancer is the biggest killer at 24% of deaths. This is a bigger proportion than it used to be but not because cancer is killing more women – in fact many more are surviving cancer treatment than before. The proportion has gone up simply because the NHS is saving more lives from other conditions with a range of successful treatments.

For men, cancer is the second biggest killer (at 28% of deaths) - this is marginally lower than the proportion of men who die from heart disease and smoking.

An example of how deaths can be reduced comes from the drop in lung cancer fatalities. This is closely related to the drop in the number of male smokers over the past 20 years. In fact, the number of male deaths from lung cancer halved between the mid 70s and 2000! Unfortunately, this was not the case for women who failed to stop smoking to the same extent. There was even a rise among some young women!

Males also have higher risk factors regarding their health. Obesity levels are similar but men are more likely to exceed recommended weekly alcohol limits and although a lot of men have stopped smoking, they are still marginally more likely to smoke than women. With regard to illegall drugs, young men are more likely to use cannabis than young women and much more likely to use Class A drugs than young women (around 12% compared to 5%). These risk factors give some insight into why life expectancy is longer for females than males.

Ethnicity Inequalities

A govt in survey in 2001 found ethnic background plays a big part in the sort of ill health someone will suffer The study showed South Asian men are more at risk of heart disease than others. The survey also found that most ethnic groups were likely to suffer a higher rate of diabetes. On the other hand, Chinese women have a lower rate of heart disease than the rest of the population. These examples show that the picture differs from group to group.

One reason for the ethnic health inequalities is be that some ethnic groups have a genetic liability to certain conditions (e.g. sickle-cell disease is a condition which affects UK residents with an African or Caribbean heritage).

Another reason lies with cultural factors. For example, men from a Bangladeshi background are 60% more likely to smoke than the general population. Black Caribbeans are more likely to drink alcohol above govt guidelines while men with Pakistani, & Bangladeshi backgrounds are likely to drink less than the guidelines, due partly to religious reasons – many are Muslims who frown upon alcohol.

However, the **greatest** influence on ethnic health inequalities is the socio-economic factors which affect many ethnic minority groups. In 2007 a govt report confirmed some ethnic groups experience worse health than others - Pakistani, Bangladeshi and Black-Caribbean people report the poorest health. While some groups may do better than other groups, overall ethnic minorities tend to suffer poorer health than white British people and the main reason for this is the poorer socio-economic position of ethnic minorities. This is related to a variety of factors such as poorer educational attainment in some groups, higher unemployment and poorer housing.

Geography

There are clear health inequalities between different parts of the UK. There is a north – south health gap with Scotland and north east England doing worse than the south of England. Unfortunately, Scotland has earned the reputation as the 'Sick Man of Europe' because of its high rates of heart disease and cancer associated with poor diet, smoking and alcohol.

However, we should not overstate the importance of geography. The North-South divide *does* exist but both have areas of poor health and other areas where people tend to be healthier than average. The key reason here is the fact that poorer health is associated with social class inequalities and the north of the UK has more deprived areas linked to the decline of industrial areas, higher unemployment, etc.

Causes of inequalities in health – (The 'Collectivist v Individualist' Debate)

There is no single reason for health inequalities. A combination of factors are responsible. However, there two main schools of thought. The first focuses on social class. The second focuses on individuals' lifestyle choices. These two viewpoints tend to oppose each other. Some commentators claim social class tends to determine where and how individuals live, and this in turn affects their health. Therefore govt policy should aim to address issues of deprivation which should then lead to health improvements. On the other hand, others claim poor health is mainly due to poor lifestyle choices so govt policy should be aimed at persuading individuals to change their lifestyle which will in turn lead to improvements in their health. It is worth examining these opposing views in more detail.

The Social Class View:
Govt figures show that people in poorer socio-economic groups tend to suffer poorer health. This has been confirmed by a number of reports including the Black Report (1980) and the important '**Acheson Report**' in 1998 which stressed a link between poor conditions and ill-health. It said poverty produces difficult circumstances which make it more likely individuals end up living less-healthy lives. The Acheson Report had a big impact on New Labour's policy in govt right up until 2010. Acheson said poor health should be tackled through govt action and a policy of social inclusion in education, housing, employment, social services and health provision.

The Lifestyle View:
Others do not view poverty and social class as the main reason for poor health. They argue that people are not forced to smoke, drink, have a poor diet or take too little exercise. They make the choice to live an unhealthy lifestyle (and make the same choice for their children) with the result that they & their family end up in poor health. The new coalition govt has accepted that the sort of massive govt spending required by the Acheson Report is not possible in the present climate of cuts and some of its new plans for health reflect more the individualist approach.

These different viewpoints result in rival theories on how best to tackle health inequalities ....

- People who think social class inequalities are the main factor argue for the **Collectivist** approach which sees the UK as having a collective responsibility through its elected government to take appropriate action. It says the state should take steps to improve social conditions - (by tackling unemployment, low income and social exclusion) and this in turn will lead to improved health among disadvantaged groups. The collectivist view is preferred by many on the left of politics (e.g. many in the Labour Party)

- People who think lifestyle choices are the main problem argue for the **Individualist** theory. It says individuals are responsible for their own health and that of their children, and only they can choose to lead healthy lifestyles. Supporters of the individualist view feel the best way the state can improve the health of the population is to adopt policies which persuade individuals to make more healthy choices. This may involve health campaigns advising people what choices to make and why. The individualist view is preferred by those on the right of politics (e.g. many in the Conservative Party).

Government strategies to deal with inequalities in health

Since the setting up of the NHS, people from all classes and regions are healthier …. but not all have gained equally. Therefore, tackling health inequalities has been a high priority for recent govts. How governments respond to inequalities in health is largely determined by their view on the Individualist v Collectivist debate outlined above.

The Conservatives - Mrs Thatcher

When Mrs Thatcher was PM, the Conservatives held the individualist view that health differences were best explained by individual choices about lifestyle. Poor diet, lack of exercise, heavy smoking and heavy drinking by individuals were to blame, not their social class. The Conservatives therefore saw the govt's role as being to inform people of the consequences of poor choices and to offer advice through health campaigns on making better choices.

Individualists often speak of a 'nanny state' creating a climate where people fail to take responsibility for their own actions. They want people to look after their own health. It is not surprising therefore that many individualists see a case for increasing the role of the private sector in health care.

On the other hand, the Conservative govt of the 80s & 90s did not try to dismantle the NHS – in fact, spending on it increased a lot but this was largely inevitable due to the increasing demands and expectations. However, the Conservatives did help the private health sector expand and they introduced tendering by private companies for NHS services such as catering. They also developed partnerships with private companies for building new hospitals.

New Labour – Tony Blair

When New Labour came to power in 1997, they favoured a more collectivist approach. They accepted the strong link between poverty and ill health. This was reinforced by the important **Acheson Report** (1998) which came out in 1998 which stressed the link between lower social classes and poorer health. The Labour Govt decided to tackle some of the key problems such as health inequalities relating to social class and gender, and also to target specific health problems such as smoking, drinking and obesity. In doing so, it stressed the need to tackle social exclusion because ill health and social exclusion are bound up together.

Therefore, their policies on reducing social inclusion such as targeting benefits and helping unemployed groups back into work would raise self-esteem and living standards and have a knock-on effect on improving health. In other words, strategies such as New Deal and Job Centre Plus were part of the drive to improve life circumstances which would in turn improve the health of the most disadvantaged.

The policies aimed at getting people back into work would match policies for improving education such as 'Sure Start' which targeted the early years of children in deprived areas with a range of support. There would also be policies aimed at improving housing (e.g. an increase in funding to housing associations working in deprived areas).

Alongside this, went policies aimed at reducing specific health problems. For example, the highly effective smoking ban went alongside campaigns on responsible drinking and eating more healthily (e.g. efforts to 'Eat 5 A Day') as well as improving the quality of school dinners. The govt also targeted NHS resources on priority health conditions such as heart disease and cancer. This was a co-ordinated approach which aimed to include all regions, all groups of people and all ages. Obviously, it is very expensive for a govt to run such a wide ranging programme. …. and under Labour government spending did indeed rise sharply.

Scotland – The last 10 years and the current position

We must look at the position in Scotland because from 1999 the new Scottish Parliament took responsibility for health. In 1999 it issued a document called *Towards A Healthier Scotland* which backed the collectivist view that health improvement policies should consider the range of factors together: social class, lifestyle choices and priority health problems such as smoking and heart disease.

In 2003 the Scottish Govt produced a follow up pager called *Improving Health In Scotland* which again focused on a range of factors rather than simply lifestyle choices. The paper stressed health inequalities and concentrated on improving life expectancy and reducing inequalities between the most affluent and most deprived groups.

To help achieve this, health indicators were identified and targets set for reducing them with a road range of policies which tackled both social inclusion as well as direct health issues. The indicators included smoking during pregnancy, teenage pregnancies, suicides among young people and deaths from heart disease and cancer.
A lot of money was spent and some notable successes were achieved:

- Smoking during pregnancy - 10% reduction in deprived areas by 2008
- Adult smoking- reduced by 11% by 2008
- Heart disease - deaths reduced by more than 20% by 2008
- Teenage pregnancy - reduced by 33% by 2008
- Suicides in young people – reduced by 15% by 2008

Clearly, the UK Labour govt, and the Scottish Parliament coalition (Lab/Lib Dem) govt could claim some success. However, this was also a period which saw huge increases in govt spending … so some health improvements should be expected. The question becomes, were these short-term gains due to the increased spending or to long-term gains because of lasting changes in social inclusion and lifestyle choices. It is too early to be sure.

The UK Coaltion Govt 2010

We have said it is too early to know if the health improvements seen in the noughties will be long-lasting. However one thing is clear – the UK coalition govt will not be able to spend as much money on health and /or social inclusion policies because of the need for savings in public spending. The NHS will be affected. Even if it's budget is kept the same, the demands for NHS services rise relentlessly and this means efficiency savings will be required in all parts of the NHS in England and Scotland.

Early signs are that the coalition govt is likely to re-introduce some 'individualist' policies but the presence of Lib Dems in the coalition makes it less likely that we will see a return of the uncompromising approach of the Conservative govt in the 80s & 90s. On the other hand, financial problems may mean that health more and more becomes the responsibility of the individual simply because the govt cannot afford the massive health spending which citizens have come to expect. (More services may go the way of dentistry which is now largely private.) Accordingly, the role of the private health sector may increase in the years ahead.

One thing is clear, the next few years will be very challenging and interesting time for those who work in the health sector as well as the rest of us who depend upon it.

BBC News Report – April 2011

The coalition govt's plans for the NHS

The coalition government's proposed changes to the NHS in England - which will give GPs control of most of the NHS budget by 2013 - apply solely to England.

So what is the picture across the rest of the UK? Is Scotland likely to follow England's lead?

The reforms apply only to the NHS in England

Unlike England, which currently has 151 primary care trusts responsible for buying and planning health services, Scotland's NHS is run by 14 health boards.

These health boards support each other. For example if a flu vaccine runs low in Stirling, they might get a loan from Glasgow. The system is partly due to geography. In some areas hospitals and GPs are too far apart to compete with each other for patients or funding.

In charge is Scotland's Health Minister, Nicola Sturgeon. According to the BBC's health correspondent in Scotland, Eleanor Bradford, Ms Sturgeon "likes to keep a close eye on things, and has enjoyed relatively good relations with doctors".

No party in Scotland is suggesting reforms, but parliamentary elections were set for 5 May 2011. After that tighter budgets will start to bite, forcing some "tough" measures, says Eleanor Bradford.

Prescription charges abolished in Scotland

The shortage of money caused some commentators to criticise the Scottish government's decision to make pre___________ns free from April 2011. Critics claimed the SNP were trying to make themselves popular in the run-up to the election and that the NHS in Scotland was losing a valuable source of income. However, the SNP said prescriptions were a tax on ill-health. Labour agreed with the move as did the Lib Dems but the Conservatives said it was irresponsible to give up a valuable source of NHS income when public spending cuts are clearly necessary because of the state of the economy in Scotland and the UK as a whole.