

Centre for British Studies, Humboldt University, Berlin

Austerity Conference: Impulse paper

Contextualising Inequality & Household Poverty within the context of Scottish
Devolution: an inequality focused approach

Carlo Morelli

c.j.morelli@dundee.ac.uk

Economic Studies, School of Social and Environmental Sciences
Dundee University

February 2015

Contextualising Inequality & Household Poverty within the context of Scottish
Devolution: an inequality focused approach

This piece sets out to briefly identify a number of research themes addressing inequality and poverty in order to identify a number of areas of research where policy focused debates may be developed.

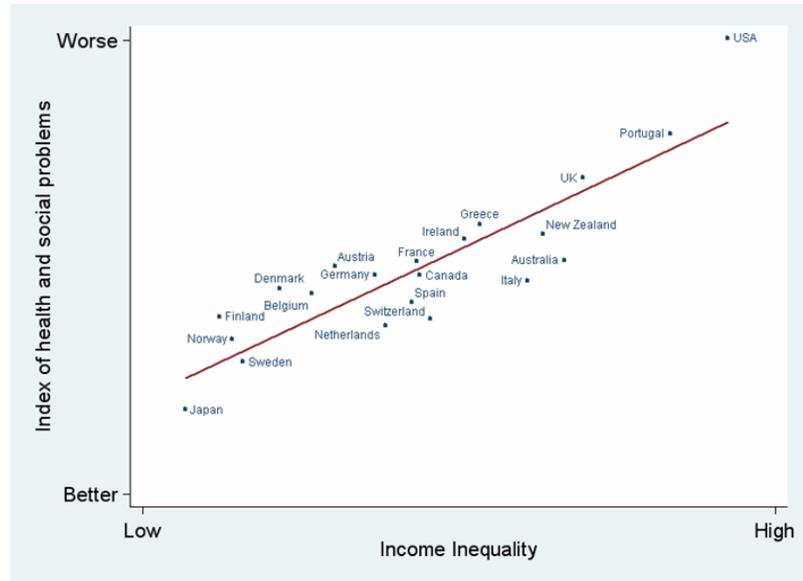
1. Why focus upon inequality rather than poverty?

The wider context of inequality outlined in the work of Piketty, (2014), *Capital in the 21st Century*; Wilkinson & Pickett, (2009), *The Spirit Level*; and Dorling, (2012), *Inequality* provides a framework within which a closer inspection of inequalities and poverties can be placed. Inequality rather than poverty has become the focus of recent work. Together this body of literature demonstrates the link between rising inequality and a wider set of social issues. Pickett and Wilkinson perhaps most starkly demonstrated the international linkage between the impact of austerity politics, growing poverty and the rise of exclusivity amongst the most wealthy in society. This can be seen by the figure below identifying this consistent international pattern.

Health and Social Problems are Worse in More Unequal Countries

Index of:

- Life expectancy
- Math & Literacy
- Infant mortality
- Homicides
- Imprisonment
- Teenage births
- Trust
- Obesity
- Mental illness – incl. drug & alcohol addiction
- Social mobility



Source: Wilkinson & Pickett, *The Spirit Level* (2009)

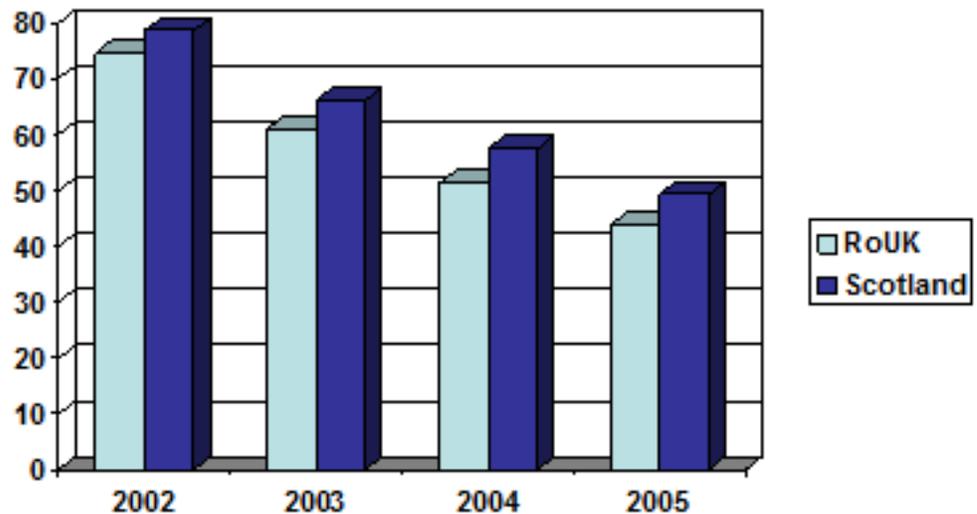
www.equalitytrust.org.uk

The Equality Trust

2. Why focus upon Devolution and anti-poverty strategies

Does the Scottish referendum represent a sharp break with the past constitutional settlement within the UK? Despite the vote on independence being lost by a vote of 54% to 45% the defeat has resulted in the independence forces gaining a significant political advantage with rising membership and hegemony within the realm of political debate. However, in doing so the vote brings to the fore a major schism existing within Scottish society, namely that of class. Is it a schism that underlies European societies more generally and with the election of the Syriza government in Greece brings the class-based nature of anti-austerity politics to the forefront of policy debate. Within this context mobility, persistent inequalities and regional disparities may provide a means to examine and quantify the extent of these class-based patterns. The figure below indicates that structural features reinforce and embed inequalities into households over time and that these inequalities also have a geographical dimension.

Figure 1.
 Percentage of 2001 households remaining within the bottom three deciles of the income distribution during subsequent four years



Source BHPS 2001-2005

3. Who voted Yes?

The 1.6 million YES, overwhelmingly working class, voters demonstrated a strongly geographically biased electorate suggesting austerity has a strongly sub-national context. Dundee, Glasgow, North Lanarkshire and Inverclyde all with the highest levels of poverty and deprivation are some of the clearest examples of this. Hostility to the NO campaign, identified most closely with the Labour Party and austerity, acted to ensure the political shift taking place after the referendum was one away from the main political organisations to those that had articulated messages of social justice and anti-austerity ideas. Here again a strongly geographically focused element in these patterns can be discerned. The figure below indicates the growing levels of poverty



Source: Dorling et.al., Poverty, wealth and place in Britain, 1968 to 2005.

4. Devolution and the post referendum constitutional settlement(s).

Further powers for Scottish Parliament following from the Smith Commission, and also de-centralisation of powers across the UK nations and regions, will further intensify debates on regional disparities and inequalities. Prior to the referendum devolution was typically understood in terms of the degree to which unique, or more responsive, policy development could emerge (Drakeford, 2005). National or regional differences are suggested to give rise to differences in policy itself (Keating 2005). Alternatively Rodríguez-Pose and Gill (2004) finds that devolution has increased, rather than decreased, regional disparities and Morelli and Seaman (2007) suggest devolution has to date played no role in increasing equality. Post referendum the focus of the devolution debate is centering on the question to which the UK can maintain a cohesive whole in the face of strong pressures to a looser federal structure. Greater devolution of powers to the UK nations will most certainly take place and be followed by constitutional reform within England itself. Regional disparities and transfers between regions will increasingly become central to the extent to which poverty and inequality are addressed. These regional disparities can be identified within the data for wage rates across differing UK nations and regions.

Median full-time gross weekly earnings by region:

Employees on adult rates, whose pay was unaffected by absence

April 2011	Men	Women	All
£ per week			
United Kingdom	538.5	445.1	500.7
North East	486.2	412.4	451.8
North West	498.5	417.0	460.3
Yorkshire and the	499.8	410.2	465.5

Humber

East Midlands	498.3	401.3	461.3
West Midlands	505.4	407.3	470.6
East	535.5	432.1	494.5
London	706.4	585.2	650.9
South East	578.5	454.0	528.1
South West	509.8	405.8	464.5
Wales	485.9	402.6	454.4
Scotland	517.5	440.8	488.8
Northern Ireland	463.5	427.8	450.6

5. Policy Questions within a devolved environment

Examining the potential for national and regional variation of welfare will increasingly come to the foreground in a devolved state structure. Some of the key conceptual questions in challenging inequality which frame policy decision making are rooted in the framework of the extent to which we should examine welfare states as based upon the collectivity or the individualisation of provision. Should contemporary welfare states be focused upon social security or welfare? How far should welfare states be linked to universal or means-tested provision? Is labour market participation the only entry route into access to provision? And finally how should welfare states be funded through the use of general taxation or individual insurance or asset-based approaches?

All of the above are key drivers of the debates on policy formulation on contemporary welfare in the UK and Europe. The context of austerity politics within European states is leading to a re-formulation of the welfare state systems within Europe.