

Review of *Britain's War on Poverty* by Jane Waldfogel. New York: Russell Sage Foundation, 2010, 280 pages, \$37.50 cloth

With a flair reminiscent of LBJ's landmark visit to Appalachia to launch America's War on Poverty in 1964, Prime Minister Tony Blair traveled to an East London settlement house in March 1999 to pledge his government's goal to eradicate childhood poverty in Britain within a generation. At the outset of the Blair government over one in four children were living in poverty, which surpassed even the one-in-five childhood poverty rate in the United States. Within a decade the poverty rate of children in Britain was slashed in half on an absolute scale, and by about 16 percent on a relative scale.

In *Britain's War on Poverty*, Jane Waldfogel presents a highly readable survey of the programs and policies launched over the past decade to help combat childhood poverty, along with the social science evidence on the success or lack thereof of the various reform components. Throughout the text she draws parallels and distinctions between the policies adopted in Britain and those implemented in the U.S. during the course of the 1990s welfare reforms. The ambitious British goal of eliminating childhood poverty stands in contradistinction to the rather narrow U.S. focus on eliminating dependence on cash welfare. Having made significant contributions to the evaluation of the safety net in both the U.S. and Britain, few people are as well positioned as Waldfogel to write such a sweeping comparative text as *Britain's War on Poverty*. Her book offers much to an international cross-section of scholars and policymakers of reform.

Waldfogel sets the context for reform in Chapter 1 by presenting trends in childhood poverty in historical and comparative terms. For nearly two decades child poverty remained roughly constant at 10 percent of the population, but beginning in the late 1970s it accelerated upward, increasing three fold by the early 1990s. In this period Britain went from having among the most equal distribution of income in the OECD to among the most unequal. Herein lies the rub that Waldfogel frets over in this chapter and then again in Chapter 6—poverty in Britain, and indeed in most of the OECD except for the U.S., is measured in relative terms and not absolute terms. Previously, Britain measured poverty as family income below one-half the nationwide average family income. But beginning in 2003 the official measure was changed to family income below 60 percent of median. With widening income inequality pervasive in the last two decades it follows that poverty would increase in lock step. It is thus nothing short of remarkable that against this rising inequality Britain was able to cut its relative child poverty rate in the early 2000s.

While presenting poverty trends for three different measures adopted by the U.K. government (absolute, relative, and material deprivation), like many U.S. academics Waldfogel seems to prefer an absolute poverty measure and thus argues that the reforms were more successful than official policy might suggest. She makes the case for an absolute measure on the premise that it more accurately reflects government policies directed to low-income families; that is, because relative measures are influenced by macroeconomic forces affecting inequality largely outside the control of the policymaker, relative measures of poverty are less effective in quantifying government program effects. Certainly this was more problematic when Britain pegged its poverty measure to average income, but now with the median as the reference income the

threshold is more robust to changes in the tails of the distribution. And if income is measured after taxes and transfers then a relative income measure can certainly be informative of the effectiveness of government policy. While I am sympathetic to an absolute measure for a host of reasons not least of which because they offer a transparent method of tracking trends over time, a more nuanced discussion of the issue is merited in the book given the central focus of the policy reform hitting benchmark poverty rates. In other words, if there is disagreement on how to get to our destination (absolute –vs- relative), then there will certainly be disagreement on whether we have arrived. For example, Amartya Sen (1992) argues that well being is best measured by the human capability to participate in the broader context of social life, which points to relative measures of poverty. Some treatment of these issues, and of the debates within the policy and academic communities on the proper measure of poverty, would have been fruitful here.

Chapters 2-5 cover the heart of the New Deal reforms enacted by the Labour government to address childhood poverty. Each chapter is devoted to a major pillar of the reform package: promoting work and making work pay (Chapter 2); enhanced financial support for families with children (Chapter 3); investments in early childhood education (Chapter 4); and investments in school-age children (Chapter 5). Here we learn in lucid detail about policies such as the first national minimum wage, the Working Families Credit (akin to the Earned Income Tax Credit in the U.S.), the Child Benefit and Child Tax Credit, universal pre-K for three and four year olds, Sure Start (center-based care for low-income children under age 3), and educational maintenance allowances (conditional cash transfers for teenagers who remain enrolled in school). In the aggregate, these expenditures on families with children amounted to about 1 percent of GDP in 2002. Those looking for a primer on the British versus U.S. reform packages will be well served by the comprehensive coverage in these chapters.

The bulk of the discussion on social science evaluation of the reforms is contained in Chapter 6, which looks at the reforms through the lens of a decade of change. The evidence points to substantial gains against childhood poverty and material deprivation, improved child health and development, and spending on child-related goods and services. This stands in contrast to the evidence presented in Ziliak (2009) that showed that a decade after welfare reform in the U.S. many low-skilled single mother families had lower after-tax and transfer incomes, did not spend more on children, were less likely to have any health insurance, and were more likely to be disconnected (not on welfare or in work) and in jobs not offering upward mobility. There are parallels in Chapter 6 to the recent book by Currie (2006), which surveyed social science research on a wide swath of the U.S. safety net, but unlike Currie there is not as much detail in this chapter on the data and methods used in evaluating the British reforms. There is a clear tradeoff between readability and scientific detail, and Waldfogel chose the former. While making for a more accessible read, it does mean that the researcher seeking more information on the evaluations will have to turn to original source material.

The remaining two chapters focus on prescriptive policy proposals for further progress against poverty in Britain (Chapter 7) and the United States (Chapter 8). Many in Britain are alarmed that reductions against poverty stalled by 2004, and in fact have increased slightly in recent years. The increase in child poverty has been even more dramatic in the United States. No doubt that the severe recession affecting both countries has exacerbated the problem, but this reversal of fortune was in motion prior to the global financial meltdown. Waldfogel proposes

additional reforms for Britain to undertake within the context of the major pillars underlying the Blair reforms. One which would be met with controversy in the U.S., at least among economists, is her proposal to increase the minimum wage. Extensive research on U.S. labor markets suggests that the minimum wage has small disemployment effects (i.e. employment falls 1-2 percent for each 10 percent increase in the minimum wage), and may not be as target efficient of an anti-poverty tool as the Earned Income Tax Credit (Horrigan and Mincy 1993; Burkhauser, et al. 1996; Neumark and Wascher 2007). There is no discussion of these issues in the book, and thus the reader is left wondering what the evidence is on the effect and effectiveness of the minimum wage in Britain vis-à-vis other policies like the Working Families Credit.

With the new Conservative government led by David Cameron pledging massive reductions in government spending, along with pressure in the U.S. to set an ambitious agenda to cut the debt, additional expenditures on new programs to combat poverty seem elusive. With bipartisan support the British government in 2010 re-committed itself to tackle child poverty, but no such pledge has been forthcoming in the U.S. at the federal level. As the 50th anniversary of America's War on Poverty rapidly approaches, the research and policy communities are advised to turn to Jane Waldfogel's provocative book for lessons on the British experience in redesigning the safety net.

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