

# Britain: poverty and homelessness rise under Labour

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Recent major studies of social conditions facing workers and young people in Britain have provided further evidence of the anti-social effect of the policies demanded by big business and pursued by the Labour government. A picture emerges of a downward curve in real pay for millions of workers that has lasted for over a generation, combined with increases in living costs—especially housing—that is both deepening and widening the scope of poverty in Britain.

The Joseph Rowntree Foundation (JRF) has issued a report on poverty levels in the Britain (available at [www.jrf.org.uk](http://www.jrf.org.uk)). The report, titled *Strategies Against Poverty—A Shared Roadmap*, was issued to mark the organisation's centenary and is intended to offer advice to the government and anti-poverty charities. JRF has long established friendly relations with Labour; however, the report's findings contain enough statistical evidence to provide a damning indictment of the government.

\* Nearly 30 percent of children in Britain are living in poverty, with one-third coming from families where at least one parent is in work.

\* Particularly vulnerable to poverty are families of Pakistani or Bangladeshi origin. Three-quarters of families from these national backgrounds live on or below the official poverty level, i.e., they receive less than 60 percent of median income after the deduction of housing costs.

\* Around a fifth of pensioners fell into the official poverty category, rising to 25 percent of those aged over 75.

\* In the early 1980s one in seven adults in the course of a year could not afford to purchase at least three items thought of as essential by most people; today that figure has increased to one in four.

\* Since 1980 the poorest quintile of the population

has experienced no growth in real earnings. Nearly twice as many people have relatively low incomes as 25 years ago.

\* The report points out that “millions are unable to afford basic necessities such as proper clothing and nutrition”. Tens of thousands of the poorest households have seen an absolute decline in their earnings since 1997 and the poorest 10 percent of the population have experience average income increases incapable of meeting the rising cost of living.

JRF acknowledges a slight reduction over the past five years in the overall proportion of children living in poverty. This small change—challenged by other charities that claim that the government's measure of poverty is an inadequate indicator of the true level of deprivation in society—is largely attributable to the introduction of highly targeted means-tested benefits by the government. Since its election in 1997 Labour's welfare policy has been aimed at pushing benefit claimants into whatever low-wage jobs are available. A necessary part of this drive has been to devalue social security benefits while “rewarding work” through the tax system, i.e., to offer tax credits to low paid workers, effectively subsidising poverty wages.

This low wage spiral was highlighted in earlier JRF studies of low incomes. A report published in November conducted by Professor Jane Millar and Karen Gardiner of the University of Bath found that nearly a quarter of employees surveyed could be classified as “low paid”—receiving wages below two-thirds of the median wage, not counting benefits. This figure has changed little from before the introduction of the minimum wage in 1999. Of those who are low paid, an increased number are classed as poor compared to the mid-1990s.

Their report stated: “Despite the minimum wage we

remain a low pay culture in which a large proportion of workers have to get help from other members of their households and from the state to avoid poverty. This contrasts with the situation in the past. In the 1970s, only about a quarter as many low-paid workers were in poverty as today, even without the help of tax credits. Then, low pay was mainly restricted to people who were not the main earners in the family, but today it is more prevalent among breadwinners.”

Another report issued January 2004 by JRF and the Institute of Fiscal Studies showed how this low-wage economy had necessitated a massive government subsidy. It found that “State financial support for families with children has more than doubled in real terms since the mid-1970s to reach £22 billion a year—with the most dramatic increases taking place in the past four years”.

The government’s Working Families Tax Credit largely accounts for the big rise in the total level spent on payments to families. This and other meagre “workfare” offerings can only be understood in the context of the drive by business to lower wages. Labour’s policy has been to facilitate this, where necessary, by topping up the pay packets of workers with kids by just enough to make a job less financially dire than living on social security.

Such state financing of chronically low pay cannot last at the current level. With the number of low paid jobs increasing at the expense of better-paid, more secure jobs the government faces an ever-increasing demand on its tax credit scheme. In the context of massive cuts in corporation and profit taxes, the huge growth in state subsidies to low paid families will come under greater strain and must eventually be abandoned or substantially cut. Its only long-term effect will have been to ease the way towards ever-lower wage rates.

Furthermore, the Working Families Tax Credit can only ameliorate poverty for its recipients so long as they have jobs. Any rise in unemployment would leave families just keeping their heads above water reliant on a social security system that has been cut back and diverted towards “workfare”.

For those families and individuals out of work, and poorer employees without children, the government’s targeted welfare policies have done nothing. The proportion of childless adults living on low incomes, of which a significant percentage are in work, has

increased since Labour took office in 1997.

The JRF centenary report also warns that a housing crisis is accentuating the effects of poverty: “Many people in Britain today are disadvantaged by limitations of their physical infrastructure—for example by inadequate transport links or lack of communal facilities; but most of all by inadequacies in the supply, quality and affordability of housing.”

This inadequacy was starkly shown by a report issued by a government department.

As with wage earnings, so with housing the drive of capital to increase profits has created increasingly acute social problems. The privatisation of publicly owned housing has created a housing crisis, with average house prices now £173,756, over eight times median wages in Britain.

Statistics on homelessness from the Office of the Deputy Prime Minister (who has responsibility for housing) revealed that the number of homeless families in Britain has reached 100,000. This record level of homelessness is more than double the total when Labour took office and the government estimates that this number will continue to rise until at least 2008.

Crisis, the homelessness charity, claimed this figure could represent up to 500,000 people living in temporary accommodation. Another organisation for the homeless, Shelter, put the figure at 230,000.

Deputy Prime Minister John Prescott contemptuously brushed aside the problem, telling Radio 4’s “Today” programme that 84 percent of those classed as homeless were living in “reasonable accommodation”. He suggested that a new £150 million aid package for the homeless would help to address the problem, suggesting that in future the government would change the definition of homelessness in order to avoid such embarrassing findings: “I have asked local authorities to speed up the process to make sure they [the homeless] are in settled accommodation, instead of being defined as homeless.”



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