

UK government seeks to justify child poverty and welfare cuts

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Last week the government announced plans to change the way child poverty figures are calculated.

In a speech, work and pensions secretary Iain Duncan Smith said child poverty was “not about income alone”.

While acknowledging that “redistributing income is right”, he added that this had to be part of people taking control of their own lives. “It’s about taking responsibility for yourself and your family, playing a productive part in your community, creating an environment where success through hard work is celebrated.”

To this end a new paper will be prepared for later this year that will focus on “non-income” indicators of poverty, including unemployment, addiction and family breakdown.

Smith’s announcement came as figures showed the target set by the previous Labour government to end child poverty by 2020 had failed. Labour had made a commitment to ensure no child lived in a household on 60 percent or less than median income.

The official poverty figures from 2010-11 showed that there had been a slight decrease in child poverty—down by 200,000 after housing costs are counted—but this was entirely due to the fact that median income itself declined by 3.1 percent. This was the outcome of the measures instituted by Labour—including a pay freeze across the public sector—to finance its multi-billion-pound bailout of Britain’s banks.

Officially, the number of children in households earning £251 a week or less—the official poverty line—stands at 3.6 million, or 27 percent. More than 13 million people, one-fifth of the UK population, are counted as living in poverty after housing costs are taken into account. Of these, 7.8 million people are

working-age adults, and more than 2 million are pensioners.

Duncan Smith complained that the problem was that Labour had carried out a “massive spending spree on welfare”. This was in reference specifically to its top-up tax credit payments, whose primary purpose was to subsidise employers driving down wages.

The new policy would be two-fold, the Conservative minister set out.

First, it would clamp down on benefits, targeting the so-called undeserving, under the government’s Universal Credit system. Due to take effect in October 2013, this replaces the current varying levels of social assistance available with a flat-rate payment.

Claimants will be required to sign a contract agreeing to look for work in return for their benefits.

Duncan Smith gave as an example households headed by drug or alcohol addicts. Jobcentre staff would be empowered to cut the benefits of those suspected of addiction that refuse treatment.

At the same time, the government is reforming Disability Living Allowance—paid to help people with the extra cost of sickness and invalidity. Claiming that the system was open to abuse, the plan is to make more than £2 billion in savings by denying help to some half a million claimants.

In addition, the Universal Credit is targeted at forcing people into low-paid work.

The new benefit system “will ensure that the vast majority of children will be lifted out of poverty if at least one parent works 35 hours a week at the minimum wage—or 24 hours if they are a lone parent,” he said. This was the “best route out of poverty.”

In fact the majority of poor children are in working families. These account for more than 60 percent of households living below the poverty line.

As the *Guardian* pointed out, a 35-hour weekend of each month to feed themselves and their children minimum wage equates to an annual income of just £11,065 a year. This is significantly below the poverty line even for a single person, which is set at £15,600.

More than 2.5 million people are currently out of work, some six jobseekers to every vacancy. In some regions of the country, the figure is even higher. Most of the jobs on offer are part-time at minimum wage rates.

Across the country, employers are using the crisis to drive down wages and conditions even further. Oxfam reported that the value of the minimum wage has fallen to its 2004 level, under conditions in which food prices have risen by more than a third in five years.

Growing unemployment, wage cuts and freezes, reductions in benefits and the growth of part-time, temporary work were leading to the “biggest real-terms fall in incomes since the mid-1970s,” the charity said, forecasting that the median income would fall by 7 percent between 2009-10 and 2012-13.

Government austerity measures would dramatically worsen the situation, Oxfam pointed out. Only 12 percent of the coalition’s targeted cuts were in place so far, it said, meaning “that things will get worse for those on low incomes.”

Average earnings had fallen by 4.4 percent over the last year, leading to an increase in the number of people, including working adults, having to resort to food banks to supplement their incomes.

In contrast, the pay of FTSE 100 directors has increased by 49 percent over the same timeframe.

On current trends, by 2035 this inequality will reach levels last seen in the Victorian era,” Oxfam reported, noting that unemployment benefit had declined from one-fifth of average earnings in 1980 to one-tenth today.

According to a report commissioned by the *Guardian*, “Almost 7 million working-age adults are living in extreme financial stress, one small push from penury, despite being in employment and largely independent of state support.”

The report, described as “the most comprehensive study of the finances of employed households”, was carried out by Experian Public Sector in order to “identify the face of At-Risk Britain.”

Some 3.6 million households have “little or no savings, nor equity in their homes, and struggle at the

adequately. They say they are unable to cope on their current incomes and have no assets to fall back on, leaving them vulnerable to something as simple as an unexpectedly large fuel bill.”



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