

# UK faces a return to 1930s levels of poverty

Robert Stevens  
15 December 2014

This month, the UK government's autumn statement announced cuts that will slash public spending back to where it was in the 1930s, before the welfare state came into being.

The scale of the cuts required to reduce public spending to around 35 percent of GDP was described as "colossal" by the Institute for Fiscal Studies. The ruling elite in Britain intend to carry out an offensive against the working class equal to that in Greece, where the average family has seen their average earnings drop by almost 40 percent since the 2008 global financial crash.

Commenting on the plans of Conservative Chancellor George Osborne, an RBS bank economist said, "The previous spending projections looked daunting," but the *"revised figures give the impression of trying to scorch the scorched earth"* (emphasis added).

Many reports have been produced documenting the impact of the savage reduction in living standards already visited on millions of workers, youth and pensioners over the last six years.

The latest, published Friday by the International Labour Organisation (ILO), found that British workers suffered the biggest drop in real wages of all major G20 countries in the three years to 2013. They have fallen more sharply than at any time since records began in 1964. Real wages of UK workers have fallen even faster than Portugal, Spain and Ireland—countries forced by the International Monetary Fund and European Union to impose vast austerity packages since 2008. Only the wages of Greek workers have plummeted faster than those in the UK.

Each year the Joseph Rowntree Foundation (JRF) produces an annual report "monitoring poverty and social exclusion" in the UK. The latest states that 13 million people are living in poverty, nearly a quarter of the population.

The JRF notes, "Average incomes fell by 9 percent between 2007/08 and 2012/13 on the after housing

costs measure."

Even more people are, in fact, in poverty, but this is covered over by the general fall in wages.

The JRF explains, "This fall has an effect on the analysis in this report. The measure of poverty we use, stemming from the definition of poverty as being a state where people are far below the norms of everyday life, is set relative to the average (median) income. As that average falls, so does the poverty threshold so that threshold is now 9 percent lower than it was in 2007/08. *So while there are 13 million people in poverty in the UK, it would be 3 million higher if we used the poverty threshold from 2007/08*" (emphasis added).

Millions of workers have faced a catastrophic wage fall and are now classed as being part of the growing "working poor". This phenomenon is noted by the JRF, which records that half of all those in poverty live in a family with at least one wage earner.

Since 2008/09, the report states, "more than 45 percent of poverty has been in working families."

One in five of the poverty-stricken are working age adults without children. The report found that 1.1 million working age adults in poverty are not themselves working, but live with a working partner. It notes, "Among children in poverty, most (2.2 million) are in a working family. Of these, 850,000 are in a fully working family; that is, one where all the adults are in paid work. A much higher number, 1.3 million, are in families where one adult is in work and the other is not. The remaining 1.4 million children in poverty live in a workless family."

Since 2008 the number of people forced to eke out an existence in low-paid jobs has risen substantially, with last year's JRF report finding that around 5 million people are paid below the living wage (set last year at £7.40 per hour). Many were on the minimum wage, which stood at £6.31 last year.

The JRF notes, “Among those currently in work who were unemployed a year ago, around three-fifths are paid less than the living wage, around three times the average for all those in work. What this suggests is that a large chunk of this year’s in-work poor were last year’s workless poor. Given that only one-fifth of low-paid employees have left low-paid work completely ten years later, they may be next year’s working poor too.”

Another report issued this year revealed that wages have fallen even further, with youth now paid the same in real terms as in 1988.

Given a jobs market based on rock bottom pay and the fact that many are working zero hours and on other insecure contracts, last year’s JRF report established that “movement in and out of work is substantial—4.8 million different people have claimed Job Seeker’s Allowance (JSA)—in the last two years.”

As a result of decades of growing social inequality, child poverty is now permanently entrenched. Based on figures collated for 2013, the JRF found that one of London’s boroughs, Tower Hamlets, with a population of more than 250,000, had 49 percent of children living in poverty.

The report adds that “the next highest areas were its neighbours, Newham and Hackney. The highest area outside London was Manchester, on 39 percent, with Birmingham, on 37 percent, not far behind.”

Every part of the UK was afflicted. According to the report: “Those local authorities where child poverty is above 30 percent include Liverpool, Glasgow, Hull, Cardiff, Derry and Newcastle: almost all the major cities in the UK, and a large number of London’s boroughs, have more than 30 percent of children in poverty.”

The decade up to 2013 saw the cost of living shoot up by 30 percent, based on the consumer prices index. Within that average, some basic requirements of life have risen astronomically, including electricity, gas and other fuels, which “have risen by more than 150 percent since 2003, and domestic water bills have risen by 70 percent. The cost of public transport has risen by 88 percent, and private transport by 63 percent.”

In the same period, food and drink prices overall, excluding alcohol, rose by 47 percent.

Millions of people are forced to rely on welfare payments, the real value of which is constantly dropping as they have not risen with inflation. The

report found: “At the individual level, the value of means-tested benefits has not been rising in the last five years.”

Real terms pensioner benefits “are back where they were ten years ago,” while benefits for children are “the lowest they have been since 2007.” Means-tested benefits, adjusted for inflation, “for a working-age couple have not been as low since 1979.”

Those whose jobs and livelihoods have been destroyed have faced the most cruel and sadistic punishment of having even their pittance Job Seeker’s Allowance payments “sanctioned” and suspended, leaving them with no income, under legislation introduced in 2012. According to the Citizens Advice Bureau, the average duration of a sanction was eight weeks, but they can last up to three years.

The JRF notes, “In 2013/14, the number of people whose JSA was suspended for not complying with the terms of their ‘claimant commitment’—commonly referred to as a sanction—rose to 800,000, the highest level ever. The year before, the figure was 740,000, itself a record.”



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](http://wsws.org/contact)**