

UK child poverty rising as government seeks cuts to tax credits

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Child poverty remained at a high of 2.3 million in 2014, according to the latest figures released by the Institute of Fiscal Studies, reversing the fall in child poverty between the late 1990s and 2010.

The Child Poverty Action Group (CPAG) predicts that it will rise to 4.7 million in 2020, the year it was supposed to have been eradicated according to a pledge contained in the 2010 Child Poverty Act.

It is under these conditions that the incoming Conservative government of Prime Minister David Cameron has pledged to scrap the child poverty reduction and eradication targets in Britain, one of the richest countries in the world.

Child poverty is defined in relative terms as children living in households with an income 60 percent below the median income. The CPAG describes child poverty as “being cold, going hungry, and not being able to join in activities with friends.”

Children suffer from both material poverty and hardship, whereby they are denied an income sufficient for housing, transport, food, household goods and toiletries, clothing, household services and personal care, as well as poverty of opportunity that deprives them of access to the broader social, educational and cultural activities of modern society.

For example, they say that “61 percent of families in the bottom income quintile would like, but cannot afford, to take their children on holiday for one week a year.”

The Children’s Commission on Poverty reported last October that millions of families were struggling with the hidden costs of schooling. According to a recent survey on the cost of education for 2014, published earlier this year by the teachers union, NASUWT, nearly a quarter of children over 11 years old were unable to take part in educational trips and activities

due to the cost.

The number of children growing up in poverty has stayed fairly constant since 2010, largely because the median income, the threshold for defining poverty, has fallen. Since 2010, Britain has suffered the longest period of declining real wages in modern history. So while the recession and falling wages have masked relative poverty, the situation is worse than official statistics suggest.

A staggering two thirds of children growing up in poor households have at least one family member in work. This is no accident.

Labour Chancellor Gordon Brown introduced means-tested Child Tax Credit, Disabled Person’s Tax Credit and Working Tax Credit in 2003 that saw a meagre rise in the income of the poorest families. The purpose was threefold: to drive people off benefits, reduce the benefits bill, and force workers to accept low paying jobs—thus paving the way for the low wage economy which is the norm today. The tax credits were nothing other than a subvention to the giant corporations and medium and small businesses that pay poverty level wages. The Conservative-Liberal Democrat government continued this policy, increasing tax credits in 2010.

Now, following the total refusal of the trade unions to lead any opposition to poverty wages and austerity, and in line with the deep austerity measures demanded of the Greek working class by the International Monetary Fund, the European Union and the European Central Bank, the incoming Conservative government will cut both benefits and tax credits. This is aimed at creating a huge reservoir of desperately impoverished people that will work for a pittance and boost corporate profits.

Chancellor George Osborne announced a big cut in tax credits, expected in the July 8 budget, as part of a

drive to slash welfare by £12 billion, affecting the poorest and most vulnerable in society and exacerbating the already dire circumstances facing many families with children. It is estimated that a low paid family with two children could lose up to £1,690 annually.

In a speech in Runcorn, Cameron refused to deny the possibility of cuts in disability benefits for those in work. Tax credits will be cut, he revealed, in order “to move from a low wage, high tax, high welfare society to a higher wage, lower tax, lower welfare society.”

He did not explain how reducing or removing tax credits would induce employers to start raising wages, because he could not. Osborne reiterated these cynical lies, saying that the £12 billion in cuts will “reduce the deficit and incentivize work” and will act by “extending the drivers of opportunity.”

Work and Pensions Minister Ian Duncan-Smith will repeal the 2010 Child Poverty Act, reviving Victorian nostrums that blame poverty on the poor themselves. It is not low wages or low income that causes poverty, the Tories say, but chaotic lifestyles, family breakdown, problem debt, a culture of worklessness and drug and alcohol addiction. They gloss over the fact that poverty has increased among those in work or that drug addiction and alcohol dependency is a by-product of poverty, with drug users constituting only 6.6 percent of benefit claimants.

Research carried out by the Joseph Rowntree Federation and other poverty action groups consistently shows that increases in income directly improves the development, health and level of achievement of children. These increases have a greater effect on children living in low-income households. Moreover, the effects of child poverty are long lasting, determining economic outcomes in adulthood and even longevity, with professional workers living on average eight years longer than unskilled workers.

In line with their mantra that poverty is a lifestyle choice, the Tories are set to redefine the notion of what constitutes child poverty, moving away from a definition based on median income and instead factoring in the supposed lifestyle choices of the poor. The child poverty target is to be replaced with a new duty to report levels of educational attainment, worklessness and addiction, rather than relative material and social disadvantage. Poverty is to be

eradicated, not by increasing incomes, but by redefining it.

The aim is to demonize the poor, whip up divisions between workers and mask the devastating effects the cuts are having on living standards.

This shift away from defining poverty in relation to median income is also behind the Troubled Families Program, launched in 2011 and to be extended in this parliament to 400,000 families. Under this program, each so-called “troubled” family is assigned to a monitor to ensure their children are not truant, and to stop criminal activity or anti-social behaviour.

Jonathan Portes, an expert at the National Institute of Economic and Social Research, dismissed Cameron’s claim of having “turned round” the lives of 117,000 troubled families in terms of improved school attendance or getting a job as “pure unadulterated fiction.”

The Labour Party is an enthusiastic supporter of the Troubled Families program, with shadow communities secretary Hilary Benn declaring that he hoped the scheme would go “from strength to strength.” Many Labour councils get funding to the tune of £4,000 per family, which they share with a third party provider when they are seen to succeed in “turning round” a family.

The UK is now the most unequal country in Europe, in terms of wages and income distribution. Even Latvia and Portugal are more equal, according to a new report by the Dublin Foundation for the Improvement of Living and Working Conditions, the EU’s official think tank on life at work. Wage inequality in Britain is now greater than in the United States. Last April, it was revealed that the number of millionaires in the UK had doubled since 2009, while the uptake of food banks, as reported by the Trussel Trust, grew by 19 percent last year alone.



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