

New data on poverty in the UK reveals mass pauperisation

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A recently published book, along with several reports, highlights the increasing levels of poverty and inequality in the UK. All note that the growth of poverty is particularly pronounced among young people.

A new book, *Student Lives in Crisis: Deepening Inequality in Times of Austerity*, published on September 21 and authored by Lorenza Antonucci, a senior lecturer in social policy and sociology at Teesside University, is based on studies of students' lives in England, Italy and Sweden.

Antonucci shows how life chances of students with rich parents, who can subsidise their living costs at university, and the reliance on loans by many others has a "direct effect on the reproduction of inequality."

Speaking to the *Guardian* newspaper Antonucci said, "The grants have gone. The loans are not enough and they (the Students Loan Company) assume that families will contribute. But families don't have the amount of money that the state assumes they have...Students who have fewer resources are stressed and feel guilty that their family are in debt or have to mobilise their inheritance, and this puts pressure on young people at university."

A report published in September by the Institute for Fiscal Studies (IFS) entitled, *The Economic Circumstances of Different Generations: The Latest Picture*, compares the financial well-being of young adults in their 30s to those of a decade earlier.

One of its findings is that, "Those born in the early 1980s were the first post-war cohort not to enjoy higher incomes in early adulthood than those born in the previous decade. This is partly the result of the overall stagnation of working-age incomes, but it also reflects the fact that the Great Recession hit the pay and employment of young adults the hardest."

It also showed that those born in the 1980s, now in their early 30s, have a net median wealth of around £27,000 compared to those born in the 1970s who—when they were in their early 30s—had a net median wealth of around £53,000. Wealth was defined as housing, financial assets and pensions.

It went on to explain that among the reasons for the decline was the much lower rate of home-ownership among this cohort and the fall in access to better paying Defined Benefit (DB) pension schemes.

It noted, "At the age of 30, only 40 percent of those born in the 1980s were owner-occupiers, compared to at least 55 percent of the 1940s, 1950s, 1960s and 1970s cohorts". It adds, "Less than 10 percent of private-sector employees born in the 1980s were active members of a DB scheme compared to more than 15 percent of those born in the 1970s and nearly 40 percent of those born in the 1960s."

A BBC news comment on the report quoted Campbell Robb of the Shelter housing charity. Robb said, "With sky-high house prices so out of step with average wages, it's no wonder a whole generation are being priced out of a home of their own and left with no choice but expensive unstable private renting...with thousands of people forking out most their income on rent and left living one pay cheque to the next."

A Resolution Foundation (RF) report also published September, *Hanging on: The stresses and strains of Britain's 'just managing' families*, focuses on the nearly six million families—comprising 10 million adults—described as just managing financially. They are worse off today than 10 years ago just prior to the 2008 financial crisis.

The six million families are comprised of working age households on low to middle incomes with at least one person in work, mainly in full-time employment.

The report notes, “An unprecedented pay squeeze, rising housing costs and the added financial pressure of having children mean that the typical incomes of ‘just managing’ families are lower than they were over a decade ago...While the income of ‘just managing’ families is principally wages from work, they are often topped up by welfare support because they account for two-thirds of all working families with children in receipt of tax credits. This has left them doubly exposed to Britain’s earning squeeze and cuts in welfare support to working families...”

It notes the fall in home ownership among this group, with a only a third owning their own home compared to two thirds in 1995, means they have to spend more of their income on housing. David Finch, a senior economic analyst at RF, noted, “This switch from owning to renting means that ‘just managing’ families are now having to set aside a quarter of their income on housing. As a result they have suffered over a decade of lost income growth.”

The RF’s press release noted the inability of this group to be able to save stating, “This squeeze means that such families now typically spend the entirety of their income with no money left aside for saving...over two-thirds...have less than a month’s income worth of saving.”

Finch’s warning over the level of savings is supported by recent research by the Money Advice Service (MAS). The government-funded MAS provides free-of-charge advice on money and financial decisions to people in the UK. Its *Closing the Savings Gap* reveals that 40 percent of the working population (16 million people) have savings of less than £100. In some parts of the country, the percentage having less than £100 in savings is even higher. In Wales, the North East and Yorkshire and Humberside, those with less than £100 is around 50 percent, while in the West Midlands and Northern Ireland it is around 55 percent.

The MAS report said 25 percent of the working population could be classed as “non-savers”. It added that; “just one emergency could easily push 16.8 million into debt.”

The reports above highlight the financial squeeze being imposed on the vast majority of the population that is fuelling staggering levels of inequality in the UK. An Oxfam briefing also published last month, *How to Close Great Britain’s Great Divide*, spelled out

the growing chasm between an ultra rich elite and the rest of the population.

It noted, “The UK is one of the most unequal developed countries in the world. Three decades of high-level inequality have had a profound impact, leading many people to believe that they have little stake in society...” It continued, “Despite the fact that the UK is one of the richest countries in the world, one in five people live below the poverty line... According to data from the widely respected Credit Suisse, the richest 10 percent of the UK population own half the country’s total wealth (54 percent), and the richest one percent own nearly quarter (23 percent), while the poorest 20 percent of the population – nearly 13 million people – share just 0.8 percent of the country’s wealth between them.”

On taking office as prime minister, Conservative leader Theresa May professed concern for those who; “can just about manage”. While cynically pouring crocodile tears over the fate of the working class, the assembled Tories at this week’s annual conference made clear there will be no let up in their imposition of brutal austerity.

The systematic lowering of the living standards of the vast majority of the population will only continue as the Tories, following the 1997-2010 Labour government, protect the ill-gotten gains of the super rich.



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