

Report finds steady increase in UK child and pensioner poverty

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The latest “state of the nation” report by the Joseph Rowntree Foundation (JRF)—UK Poverty 2017—reveals an alarming 700,000 more people have been plunged into poverty over the past four years.

This figure comprises 400,000 more children, and a rise of 300,000 pensioners, compared with 2012-13. The JRF concludes that the figures represent the first sustained increase in child and pensioner poverty in 20 years, and a trend that is likely to continue. These groups had experienced a marginal improvement in previous years.

Overall there are 14 million people living in poverty in the UK today—one in five of the population—including eight million working age adults, four million children and 1.9 million pensioners.

Relative poverty in the UK is defined as living at or below 60 percent of the median income.

This report follows on the heels of an Institute for Fiscal Studies (IFS) report, predicting the total number of UK children in poverty would rise to 5.2 million by 2022, and a report by the Resolution Foundation that the UK faces the longest decline in living standards for 60 years.

As terrible as these figures are, they don’t tell the whole story. An increasing number of adults and even entire families are living in destitution in the UK today. The JRF report explains that destitution means that over any month, “people have: slept rough, had one or no meals a day for two or more days, been unable to heat or to light their home for five or more days, gone without weather-appropriate clothes or gone without basic toiletries.”

According to research, 1,252,000 people—including 312,000 children—were destitute at some point in 2015. The vast majority were born in the UK. This is the state of the nation in one of the richest capitalist countries in the world!

The report points out that the rise in inflation following last June’s Brexit vote has had a greater impact on the poor. It notes, “people on low incomes have ...

experienced consistently higher inflation than those with higher incomes.” This is because they spend proportionally more on food and fuel rather than luxury goods, and fuel prices have increased faster than the overall rate of inflation.

The poorest fifth of the population are also hit with rising housing costs in the rental market, whether they rent from the local council or privately. Forty-seven percent now spend a third of their income on housing—up from 39 percent in 1994/95.

The report explains that this is due to rising rents in the private and social sector, more people being driven to rent privately due to the lack of social housing, and housing benefit restrictions.

Underlining the chronic shortage of affordable housing, JRF Chief Executive Campbell Robb criticised the pledge made by the Theresa May government at the Conservative Party conference to address this issue by building more, cheaper council homes. He said, “[I]t later emerged this would amount to 5,000 [new council houses] a year. What we needed was more to the tune of 80,000 a year.”

After housing, the biggest expense for families is childcare, which has risen faster than inflation.

Growing up in poverty has an overall detrimental effect on all aspects of life, says the JRF. Children in poor families continue to perform less well than their better-off contemporaries, despite decades of government initiatives to “raise standards” through rigorous testing regimes.

The poorest fifth of the population also experience worse health outcomes than those with higher incomes. If a person is disabled, they are more likely to be living in poverty.

There is a strong link between mental illness and poverty—twice the number in the poorest fifth of the population suffer from depression or anxiety, compared to the richest two fifths. Six in 10 of the poorest fifth of households have no savings, while one in 10 report

having problem debt—major stress precipitators of mental ill health.

Poverty even affects relationships. According to the evidence, couples living in poverty are more likely to separate than their better-off counterparts.

Pensioner poverty, which saw a drop from 1995 to 2013 from 29 percent to 13 percent, is once again on the rise, back up to 16 percent as of 2015/16.

Noting that falling official unemployment rates have not alleviated rising poverty, the report explains this is due to the mushrooming of low-paid, casual, zero hours and contract jobs.

The JRF report concludes that the “prospects for solving UK poverty are worrying.”

The framework for a low-wage economy was put in place by the Blair Labour government, with its welfare-to-work programme, introduced in 1997 to end the so-called “dependency culture.” Labour also introduced a low minimum wage rate in 1999, which was set at just £3.60 per hour (£3.00 for 18- to 21-year-olds).

In 2003, Labour introduced tax credits to subsidise low wages, in effect a subsidy for employers. Research by Citizens UK found that in 2015 taxpayers paid £11 billion topping up the low pay levels set by companies.

In 2009, Labour’s Welfare Reform Act introduced work capability tests to force the sick and disabled into low paid work.

The JRF report points out that rising employment is “no longer leading to lower poverty” because “[c]hanges to benefits and tax credits for working age families are reducing incomes of many of those on low incomes ... Poverty in the UK today is fairly evenly split between workless households and those in work.”

The Conservatives’ Welfare Reform Act 2012 further eroded the incomes of the poorest with the introduction of the hated “bedroom tax,” which financially penalises social housing tenants with more than one bedroom through reductions in their Housing Benefit.

The Institute for Fiscal Studies estimates that the present roll-out of Universal Credit—a new benefit which replaces six other in-work benefits—will lead to 2.1 million families losing £1,600 a year, while more than a million out-of-work families will lose on average £2,300. Particularly hard hit will be families with more than two children.

As a result of the Child Poverty Act 2010, the Social Mobility Commission was set up by the Tories as a cynical gesture to appease concern about entrenched child poverty in the UK. Alan Milburn, an ex-Labour cabinet member who was the head of the government’s four-

strong Social Mobility team recently resigned, adding further problems to May’s crisis-ridden government. In his letter to May, Milburn warned that “the growing sense that we have become a ‘them’ and ‘us’ society is deeply corrosive of our cohesion as a nation.”

Labour Party leader Jeremy Corbyn reacted to the JRF report by saying, “These figures shame the Tories.” There was no mention from Milburn or Corbyn on Labour’s role in laying the basis for the escalation of poverty. Moreover, Corbyn and his Shadow Chancellor John McDonnell are on record instructing Labour-run local authorities to continue to impose austerity cuts and not set “illegal” budgets, further reducing living standards.

The role of the unions in facilitating every demand of corporations for job losses, wage cuts and speed-up has been integral to Britain becoming a low wage economy. Trades Union Congress leader Frances O’Grady reiterated Labour’s call for the minimum wage to rise to £10 an hour. However, this would hardly make a difference. For a couple with two children below 14 years and one adult working, this minimum wage would leave the family below the poverty threshold, determined at £401 a week.

While JRF Chief Campbell Rob expressed disquiet that “we are at a turning point in our fight against poverty,” he suggested a possible policy reversal bound up with government “political choices.” The reality is that the exponential rise in wealth of the richest in society is premised on their political representatives in government continuing to impose policies that deepen the immiseration of the working class.



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