

Poverty Strategy Commission report finds millions “surviving not living” in Britain

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A report into poverty in Britain, one of the world’s richest countries, has concluded that millions of low-income families are “surviving not living”, while a growing proportion of the population is in “deep poverty.”

Overall, between 21 and 24 percent of the population has been in poverty between 2000/1 and 2019/20, nearly 14 million people on the eve of the pandemic. Of those, an increasing percentage—some 31 percent, up from 22 percent—are in deep poverty, with an income of less than half the poverty line.

The release of the figures follows a survey of frontline poverty and social service workers helping 200,000 children between them, who report 120,000 are living in destitution, “life-changing and life-limiting deep poverty.” Nearly 60 percent live in households which cannot afford adequate nutrition or electricity and gas and 63 percent are without basic furniture.

According to “A New Framework for Tackling Poverty”, from the recently founded Poverty Strategy Commission (PSC), small recent improvements are being reversed. In 2001, 18 percent of pension-age adults were in poverty. This figure dropped to 9 percent in 2014 but has now climbed back to 12 percent. The number of single parents in poverty fell between 2001 and 2013 from 61 to 47 percent, but by 2019 had increased again to 52 percent.

The rate of persistent poverty, measured as being in poverty now, and over two of the last three years, has increased from 10 percent in 2014/15 to 13 percent in 2018/19.

Even these figures understate the crisis. If housing costs are factored in, the overall poverty rate increases by 4 percentage points. The growing numbers of private renters who are in poverty spend, on average, 47 percent of their income on housing. For those living

in poverty in inner London, this rises to an astronomical 71 percent of income.

If assets and debts are included, poverty rates go up by another 3.2 points. The report notes that “the median family in poverty has no liquid assets at all, while the median family outside of poverty has liquid assets of around £4,500”, meaning those in poverty have no reserves with which to deal with the unexpected.

Among children with families, childcare costs increase the poverty rate by 0.4 percentage points. Households in poverty spend 16 percent of their income on childcare. The report notes that these exorbitant costs prevent parents from working.

Low pay and lack of support for the disabled are the major driving factors of this ongoing social disaster. Half of all people in poverty are disabled themselves or live with someone who is disabled. Nearly two-thirds are in a household where someone works, and over a fifth where all adults work full time—incredibly, 9 percent of full-time working households are in deep poverty.

Taken together, the PSC concludes, the “resource gap” faced by the 6 million families in poverty amounts to an average of £6,000 per family per year. In other words, it would take £36 billion to bring them all a hair’s breadth above the poverty line.

The PSC’s assessment is all the more striking for its authors. The Commission is one of the offshoots of the pro-Brexit, right-wing libertarian Legatum Institute, created in 2007 by the partners of Dubai-based investment firm, Legatum. The firm was founded by New Zealand billionaire Christopher Chandler, who made his fortune buying up and trading assets of the former Soviet Union after its dissolution in 1991. By 2002, Chandler and his brother were the fourth largest investors in Russian gas giant Gazprom.

Chair of the PSC is Phillipa Stroud, Baroness Stroud, ennobled in 2015. She co-founded the Centre for Social Justice with former Tory leader Iain Duncan Smith and was an adviser to the Secretary of State for Work and Pensions in the 2015 Conservative-Liberal Democrats austerity coalition, helping create and implement the punitive Universal Credit welfare system.

Needless to say, the PSC hastens to reassure of the £36 billion shortfall, “This £36 billion is not a spending ask of government or business. Increases in resources can come via a range of routes including reduced costs, increased working hours, improved health, greater family stability, higher productivity, and reduced debt.”

Still less does the report suggest any encroachment on the wealth of the super-rich. Rather, the PSC is warning the financial aristocracy and its minions in the major political parties that, left unchecked and in conditions of the re-emergence of class struggle, the immiseration of much of the working population threatens social upheaval.

Its particular concern is the undermining of the fundamental capitalist free market myth that work is fairly rewarded. This is being shredded by the continuous rise of in-work poverty, and now in-work deep poverty. The authors write in response that “Those working as much as expected by the new social contract, should not be in poverty.”

Of course, there is no “social contract”; there is the profit-driven market competition of the capitalist class, which as iron law impoverishes millions of human beings not “working as much as expected”. To maintain this status quo, the commission proposes a series of fractional increases to income aimed at taking the edge off widespread destitution, without coming close to addressing the enormous social problem of poverty.

Among these are a five percent increasing in the earnings of the working poor, with a median average increase of £650, to increase gross earnings by £2.2 billion and take half a million out of poverty. A separate five percent increase in benefits would, on average, provide a miserly £544 increase annually for families and lift 725,000 people out of poverty at a cost to the state of a mere £3 billion. Similar changes are mooted with regard to debts, housing and childcare costs, skills and “family structure”.

These are substantially aimed at increasing the supply

of exploitable labour. The PSC writes that “As well as reducing poverty, many of these would simultaneously improve economic growth and benefit the Exchequer.” Top of the list is “individuals taking on more hours of paid work,” suggested after 15 years in which the number of hours worked in the UK has already increased by 11.3 percent—almost 50 percent more than the OECD average.

The question is never raised about how even the pitiful improvement suggested by the PSC would be funded. It is a mark of the collapse of social reformism in Britain—home of the supposed “cradle to grave” welfare state—that its report, advised by figures from across the major Parliamentary parties, at no time refers to social inequality. Nor does it contrast the staggering financial assets of the wealthy with those of the millions of working people “surviving not living”.

A recent report of the Equality Trust, backed by the Joseph Rowntree Foundation and basing itself on the government’s own figures, noted that the poorest fifth of the population earned a mere 8 percent of total disposable income, while the top fifth earned 36 percent.

The Institute for Fiscal Studies reports that the richest tenth alone take home 15 percent of earnings, and the richest 0.1 percent, just 50,000 people, take 6 percent, or £37 billion—almost exactly the amount needed to lift all 14 million people out of poverty.

Disparities in household wealth were even starker. In 2020, according to government figures, the poorest 50 percent of the population held 9 percent of wealth, while the top 10 percent owned 43 percent. The Equality Trust noted, “By 2023, the richest 50 families in the UK held more wealth than half of the UK population, comprising 33.5 million people. If the wealth of the super-rich continues to grow at the rate it has been, by 2035, the wealth of the richest 200 families will be larger than the whole UK GDP.”



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