



# **Child poverty and anti-poverty policies in the UK**

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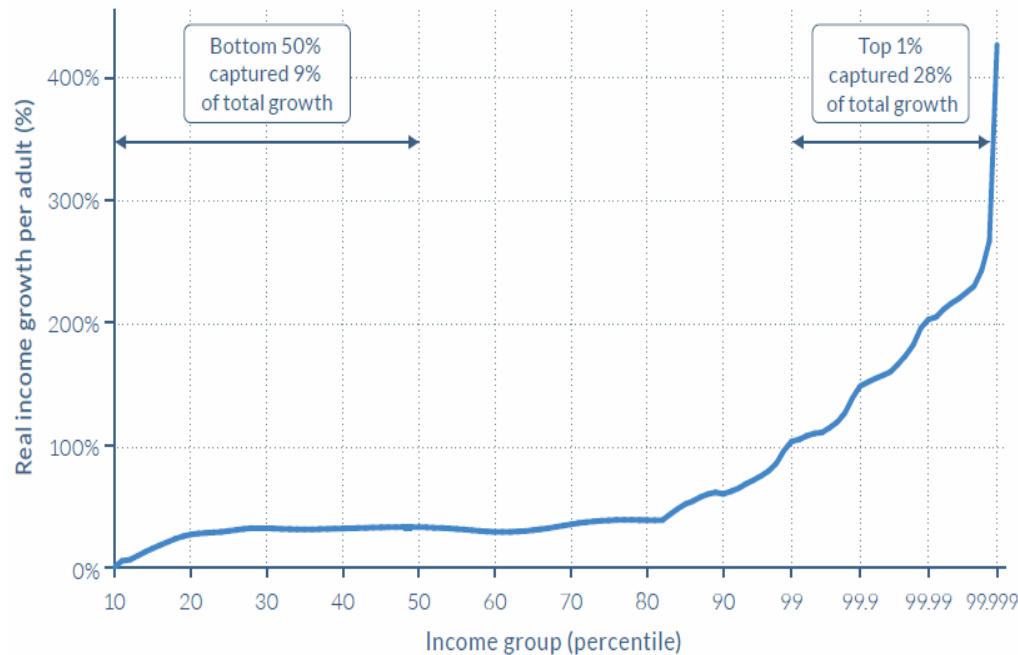
**Poverty in the UK and Japan**

Daiwa Anglo-Japanese Foundation Webinar

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# World Inequality Report 2018

Total income growth by percentile in US-Canada and Western Europe, 1980-2016



The richest 1% continue to own more wealth than the whole of the rest of humanity

Credit Suisse. (2017). *Global Wealth Databook 2017*

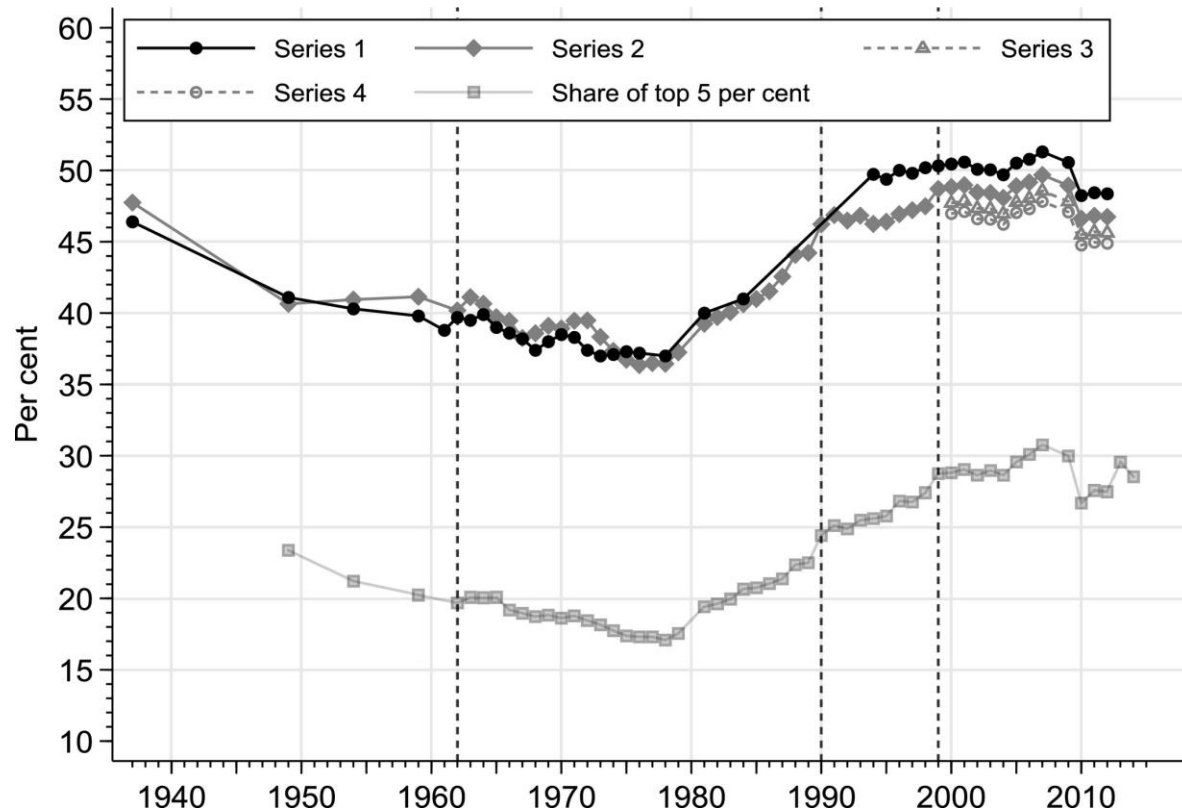
The wealth of the world's billionaires increased by \$900bn in the last year alone, or \$2.5bn a day. Meanwhile the wealth of the poorest half of humanity, 3.8 billion people, fell by 11%. Lawson et al (2019) *Reward Work Not Wealth*. London: Oxfam

The 22 richest men in the world have more wealth than all the women in Africa. Cofey et al (2020) *Time to Care*, London: Oxfam

# UK Income Inequality 1937 to 2012

## Gini coefficient & share of the top 5%

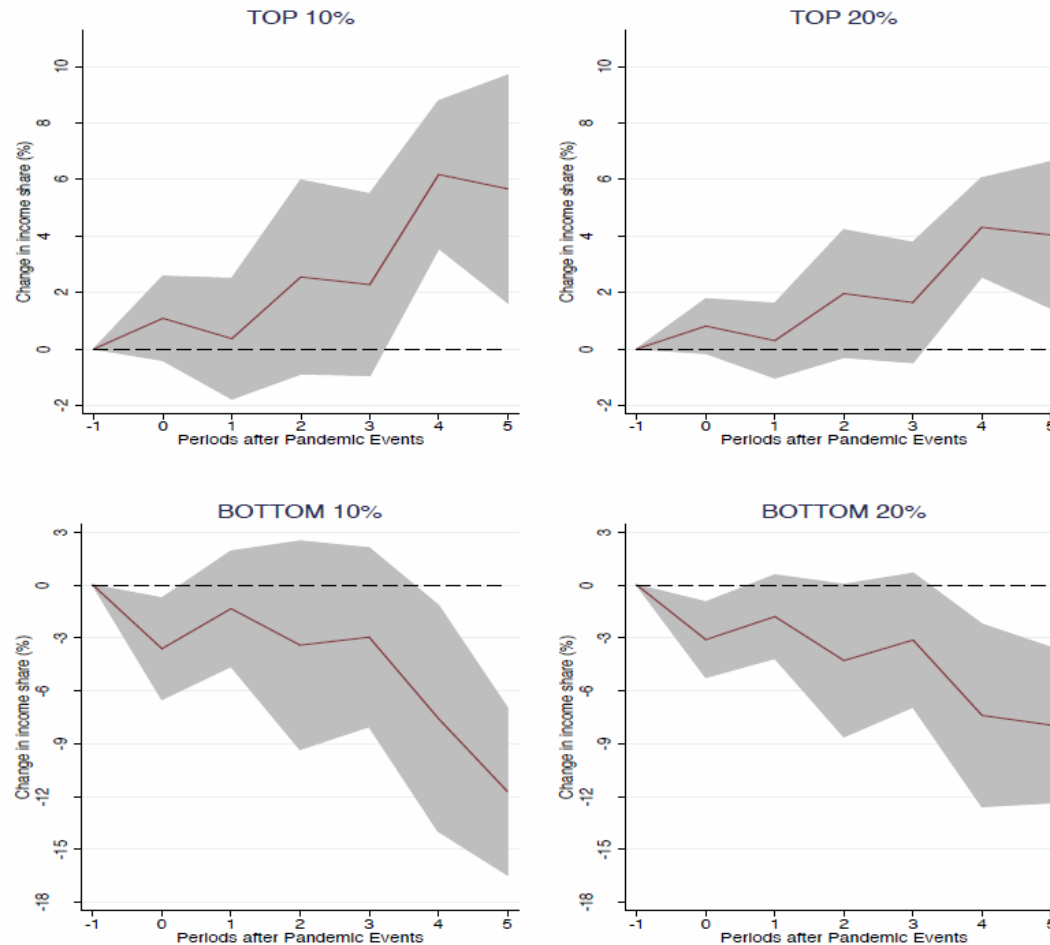
*“it appears reasonable to argue that income inequality in the UK today is at least as high as it was just before World War 2”*



# Pandemics have always done greater harm to poor and vulnerable people and resulted in increases in poverty and inequality

## Average impact of the last five epidemics on Inequality: Income shares of the richest and poorest in 64 Countries

(SARS in 2003, H1N1 in 2009, MERS in 2012, Ebola in 2014 and Zika in 2016)



‘Periods’ are years before & after the epidemic

Source: Furceri et al, (2020) Will Covid-19 affect inequality? Evidence from past pandemics. *Covid Economics*, 12, 138-157

# **A Brief History of Anti-Poverty Policy in the UK**

## Charter of the Forest: The Beginnings of UK Anti-poverty Policy

Charter of the Forest of 6<sup>th</sup> November 1217 – the companion charter to Magna Carta. At that time Royal Forest covered about a third of England

Magna Carta was primarily concerned with the rights of Barons, but the Charter of the Forest was primarily concerned with the rights of ordinary people – the commoners.

The Charter guaranteed the rights of free men and widows to use the Royal Forests for herbage (gathering berries and herbs), pannage (pasture for pigs), estover (wood to build homes, make tools and for firewood), agistment (grazing), turbary (cutting of turf for fuel), collecting of honey, digging marl and ponds, etc. – thus it provided a degree of economic protection to use the forest to forage for food & fuel, farm and graze animals.

The Charter of the Forest was read out in a special service in every church, four times per year. It was eventually repealed, after 745 years, by the Conservative Government in 1971

The Conservative Government refused to officially celebrate the 800<sup>th</sup> anniversary of the Charter of the Forest in 2017 as it '*was unimportant, without international significance*'

## **The idea that poverty can be ended is over 200 year old**

The French enlightenment philosopher Marie Jean Antonine Nicolas de Caritat, Maquis de Condorcet argued in *Sketch for a Historical Picture of the Progress of the Human Mind* (published posthumously in 1794 by the government of the new French Republic) that poverty was not a result of natural laws or divine will but was caused by ‘*the present imperfections of the social arts*’

He argued that poverty could be ended by the universal provision of pensions, grants to the young, sickness benefits and state education

# Historic changes in the primary purpose of anti-poverty policy

Century	Purpose of Anti-poverty Policy
17 <sup>th</sup> & 18 <sup>th</sup>	Relief of Indigence
19 <sup>th</sup> & early 20 <sup>th</sup>	Relief of Destitution
20 <sup>th</sup>	Alleviation of Poverty
21 <sup>st</sup>	Eradication of Poverty



# Policy Context

**17th & 18th Century:** Poverty was perceived as a regrettable but necessary evil that was required to make the 'lower classes' work. Young (1771) argued that “*Everyone but an idiot knows that the lower classes must be kept poor or they will never be industrious*”. It was widely believed that without the fear of poverty people would not work and there would be no prosperity or civilisation.

**19th Century:** The able-bodied pauper and his family were denied their liberty, civil rights and basic human dignity order to compel behavioural change. Poverty was perceived to purely result from 'fraud, indolence and improvidence' and not from any structural factors such as the unavailability of work.

**20th Century:** Welfare State - Poverty mainly seen to be caused by structural factors e.g. unemployment, sickness, etc. Benefits and services to provide safety nets in the short term to alleviate poverty. Full employment for long term economic well-being.

**21st Century:** The concept of freedom from poverty and hunger as a human basic right. Sufficient resources to participate fully as a citizen

# Booth: The Causes of Poverty

Booth expected to find that the primary causes of poverty were drunkenness and 'bad' behaviour (thriftlessness, loafing, alcoholism, etc.). He found to his surprise that the primary cause were low wages, irregular work and unemployment.

He tried to explain these findings away.

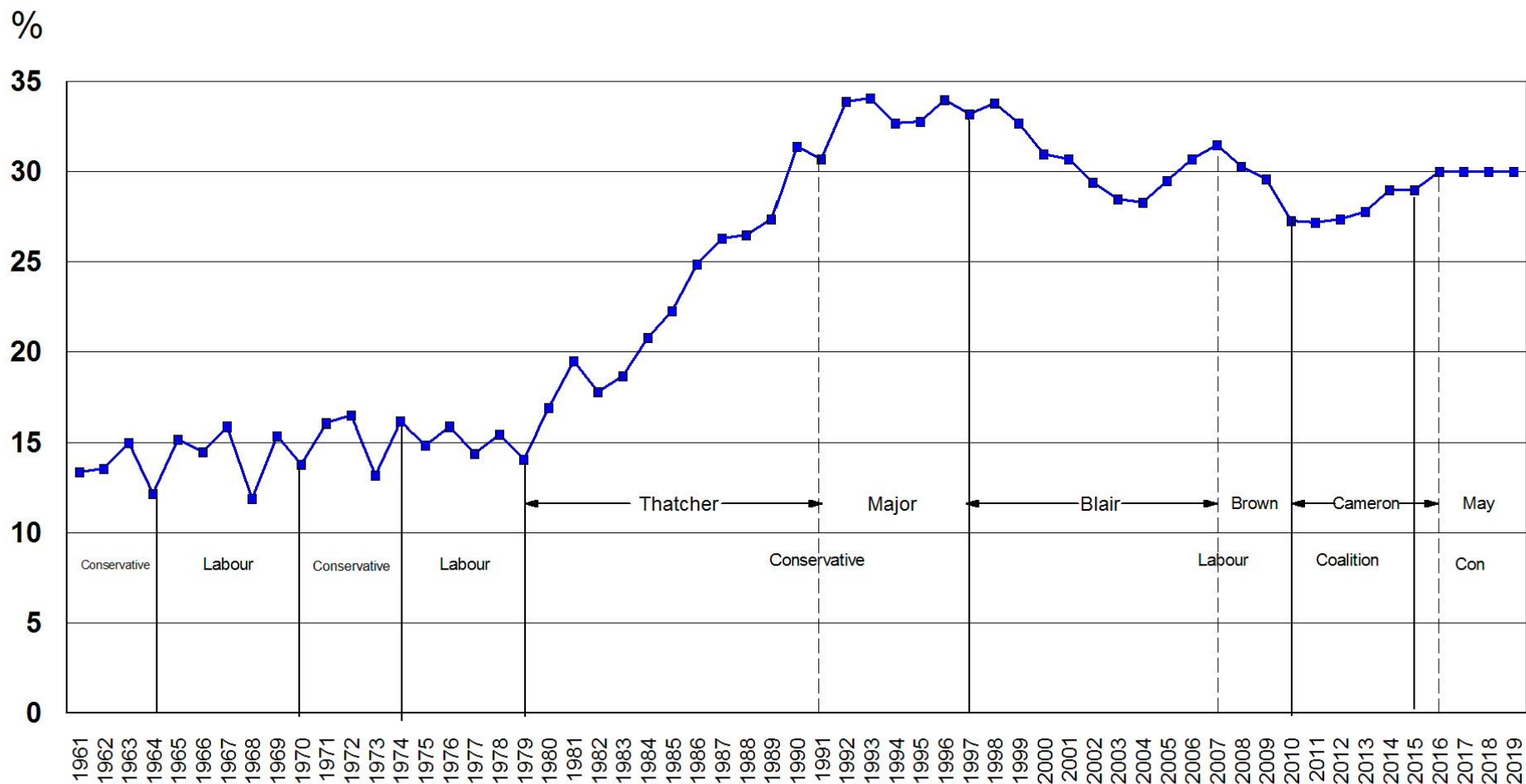
*Analysis of Causes of "Great Poverty" (Classes A and B).*

		Per Cent.		Per Cent.
1. Loafers .....	—	—	60	4
2. Casual work .....	697	43 }	878	55 { Questions of employment
3. Irregular work, low pay ...	141	9 }		
4. Small profits.....	40	3 }		
5. Drink (husband, or both } husband and wife).....	152	9 }	231	14 { Questions of habit
6. Drunken or thriftless wife	79	5 }		
7. Illness or infirmity .....	170	10 }	441	27 { Questions of circumstance
8. Large family .....	124	8 }		
9. Illness or large family, } combined with irregu- lar work.....	147	9 }		
	—	—	1,610	100

*Analysis of Causes of "Poverty" (Classes C and D).*

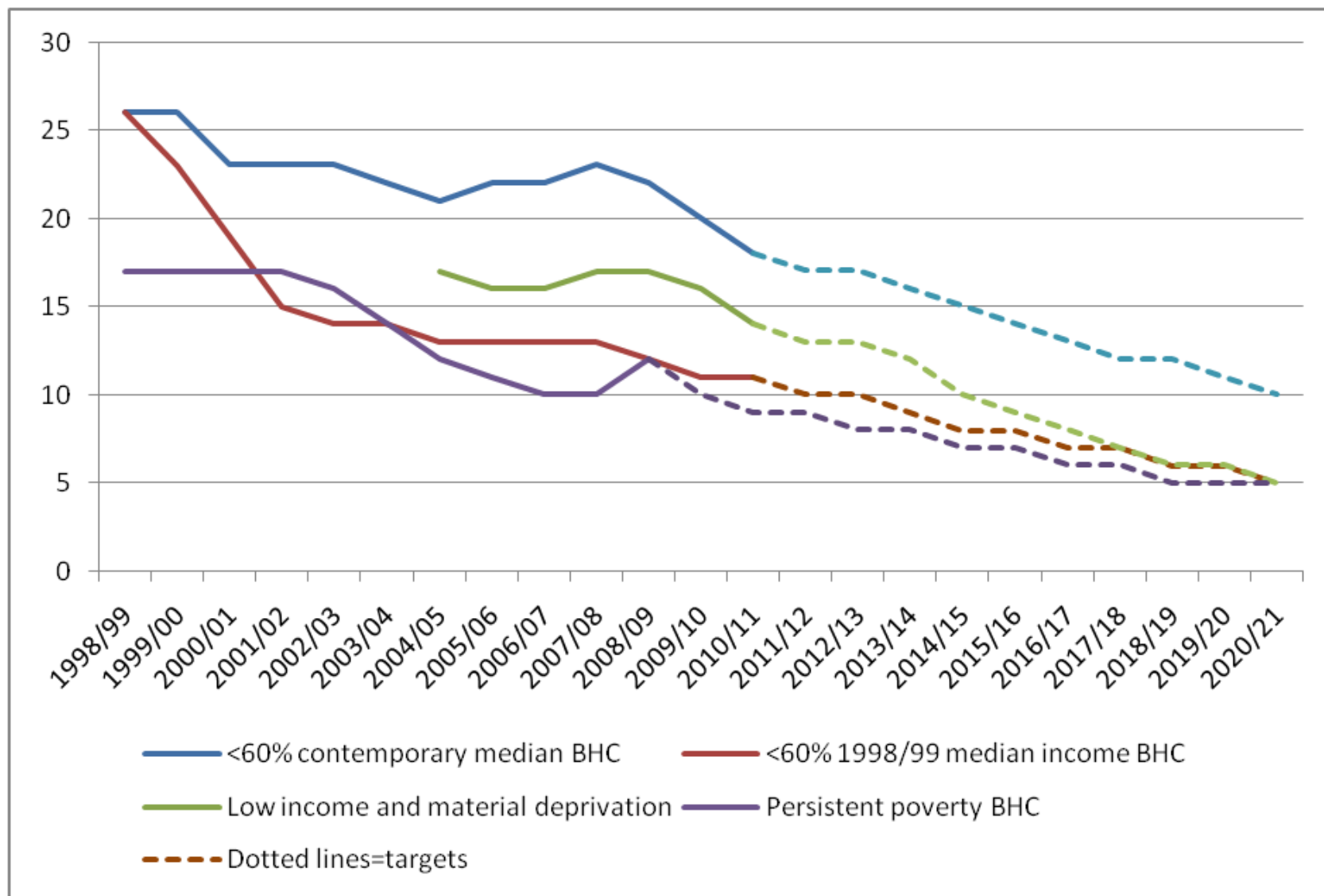
		Per Cent.		Per Cent.
1. Loafers .....	—	—	—	—
2. Low pay (regular earnings)	503	20 }	1,668	68 { Questions of employment
3. Irregular earnings .....	1,052	43 }		
4. Small profits.....	118	5 }		
5. Drink (husband, or both } husband and wife).....	167	7 }	322	13 { Questions of habit
6. Drunken or thriftless wife	155	6 }		
7. Illness or infirmity .....	123	5 }	476	19 { Questions of circumstance
8. Large family.....	223	9 }		
9. Illness or large family, } combined with irregu- lar work .....	130	5 }		
	—	—	2,466	100

# Child Poverty in the UK: 1961 to 2018/19



Source: IFS Incomes in the UK & HBAI

# Child poverty targets

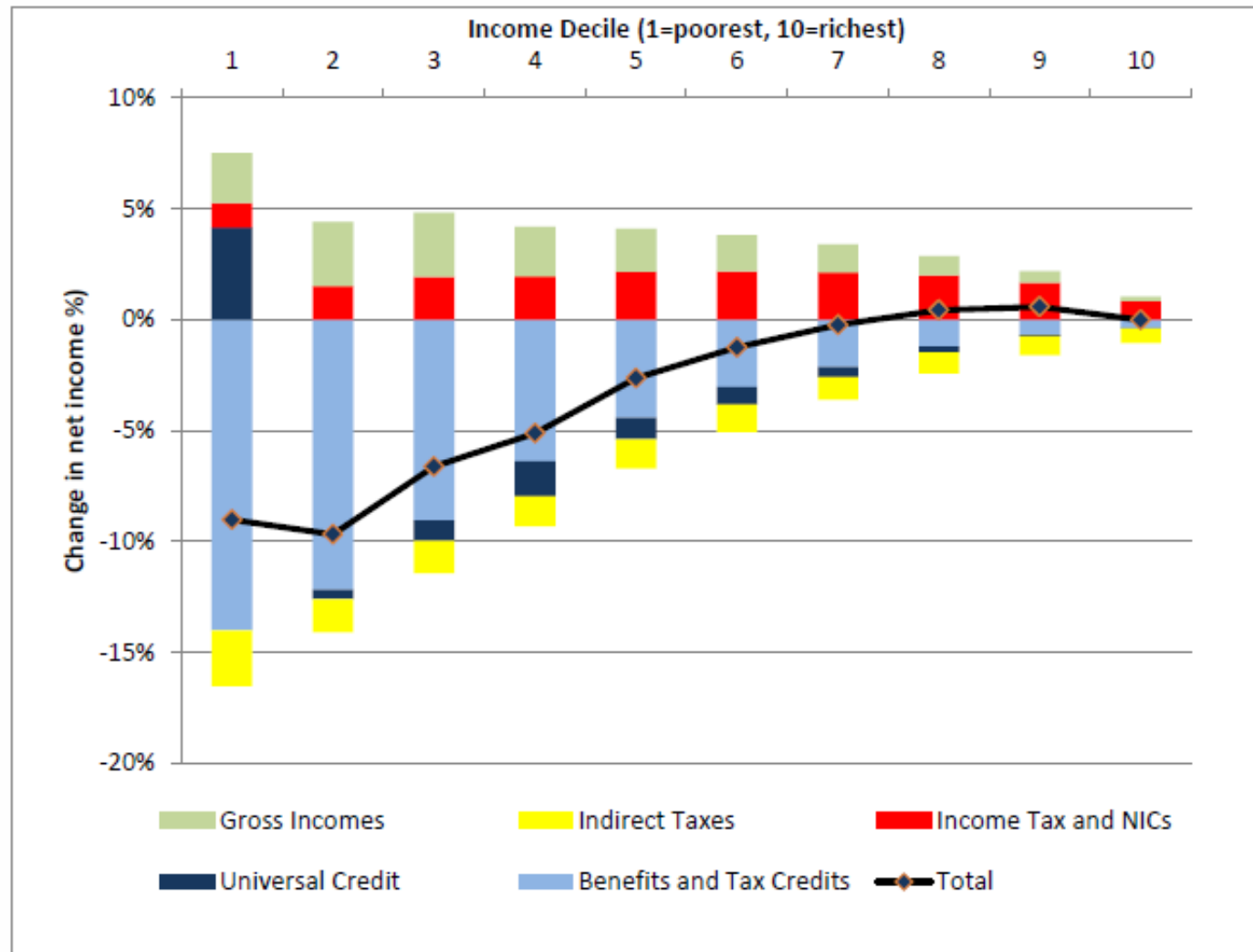


# **UK Anti-poverty Policies – 1997 to 2010**

The anti-poverty policies succeeded in significantly reducing both child poverty and pensioner poverty – they did not reduce inequality or poverty for other groups. Policies included:

- 1) Increased spending on welfare benefits - £18 billion on families with children, £11 billion on pensioners – including increases in income support and child and working tax credits
- 2) A minimum wage
- 3) Labour market activation policies which resulted in a small but significant increase in employment
- 4) Increased spending on health and education, including the expansion of higher education access
- 5) Early childhood programme – Sure Start centres, financial support for child care
- 6) Area based policies – Action Zones, New Deal for Communities focused on 39 poor areas.

**Figure 2** Percentage impact of tax and welfare reforms by household net income decile, 2021–22 tax year: Great Britain



# Report of the UN Special Rapporteur on Extreme Poverty & Human Rights 2019

*Although the United Kingdom is the world's fifth largest economy, one fifth of its population (14 million people) live in poverty, and 1.5 million of them experienced destitution in 2017. Policies of austerity introduced in 2010 continue largely unabated, despite the tragic social consequences. Close to 40 per cent of children are predicted to be living in poverty by 2021. Food banks have proliferated; homelessness and rough sleeping have increased greatly; tens of thousands of poor families must live in accommodation far from their schools, jobs and community networks; life expectancy is falling for certain groups; and the legal aid system has been decimated.*

*The bottom line is that much of the glue that has held British society together since the Second World War has been deliberately removed and replaced with a harsh and uncaring ethos. A booming economy, high employment and a budget surplus have not reversed austerity, a policy pursued more as an ideological than an economic agenda.“*

Source: <https://documents-dds-ny.un.org/doc/UNDOC/GEN/G19/112/13/PDF/G1911213.pdf?OpenElement>

## Department of Work & Pensions Fact Check on the UN Special Rapporteur's Report

*“We did a fact check of the special rapporteur’s report. He made a lot of good points, it was factually correct...in terms of the facts, in terms of austerity, and cuts to local government funding, in terms of the reliance that we have on the labour market and the risk that we have if there was a recession, all of those things were really good points that we have taken on board, we should take on board.”*

Donna Ward, DWP’s Policy Director for Children, Families and Disadvantage evidence to the Work and Pensions Select Committee 12/6/2019 – 10:13am

<https://www.parliamentlive.tv/Event/Index/dc8af560-fd77-4196-922b-a80731799097>



# **The Impact of the Pandemic on Poverty in the UK**

## Death and Deprivation in the UK

Death Rates from Covid-19 infections were over twice as high in the poorest areas of the UK than in the richest areas from March to July 2020 (ONS, 2020).

In England, during the first epidemic wave, the Standardised Mortality Rate (SMR) involving Covid-19 in the most deprived areas was 55.1 per 100,000 compared with 25.3 in the least deprived areas.

In Wales, it was 44.6 deaths per 100,000, compared with 23.2 deaths per 100,000.

In Scotland, it was 86.5 per 100,000, compared with 38.2 deaths per 100,000.

Similarly, high morbidity and hospitalisation rates in deprived areas were found amongst the 2.2 million British participants who used the *Covid Symptom Tracker App* (Bowyer et al, 2020) and amongst the 500,000 middle aged participants enrolled in the Biobank study in England (Patel et al, 2020).

# The Impact of Covid-19 on Poverty in the UK

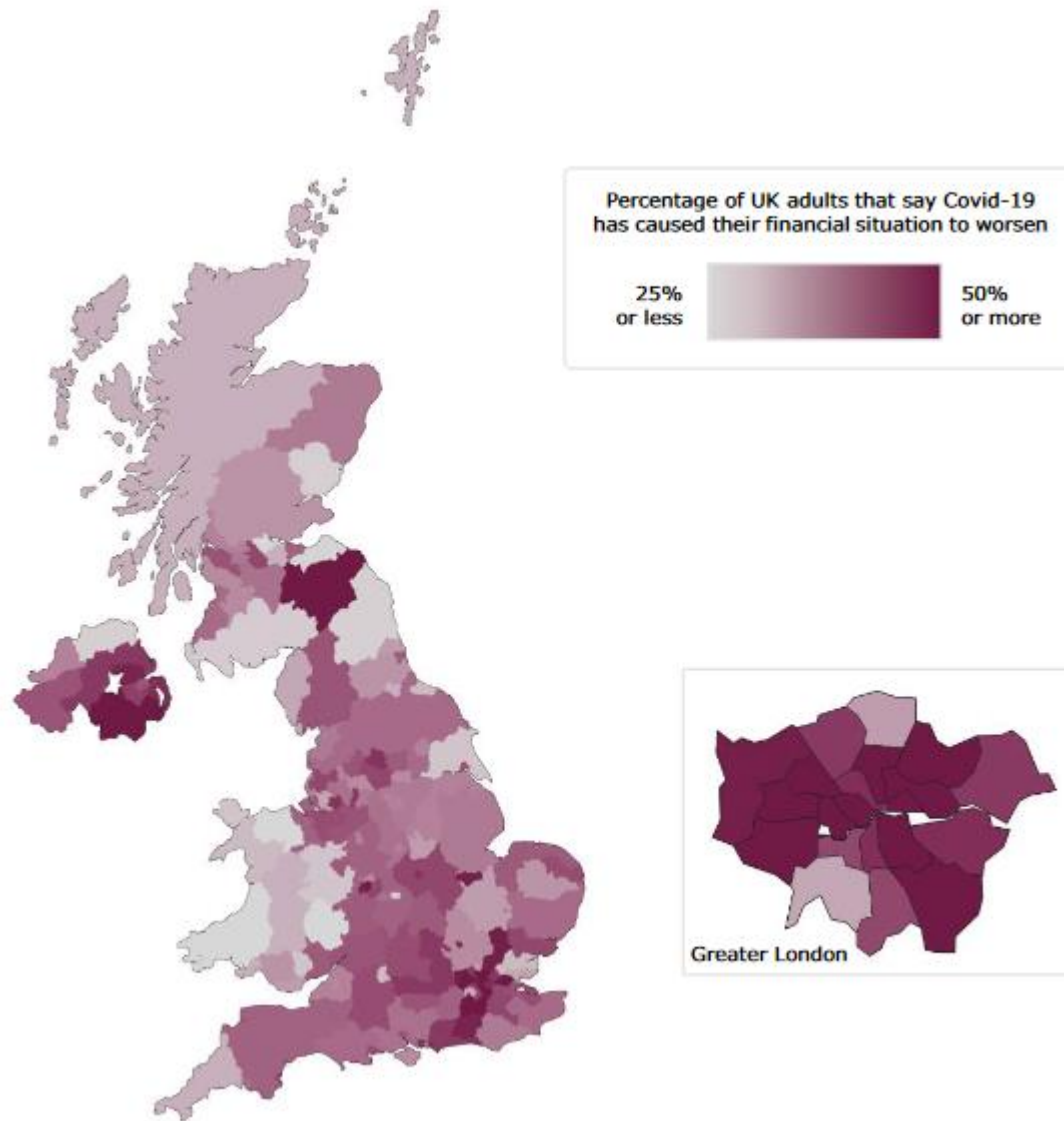
The Coronavirus Financial Impact Tracker Survey found that **a third (9.7 million) of households reported a fall in income**, 10 per cent of households were in *serious financial difficulty* and a further 16 per cent were *struggling to make ends meet*.

The Food Foundation Survey found that **4.9 million adults are food insecure** compared with 2 million pre-lockdown and 18% of 8-17 year olds (1.4 million children) suffered from food insecurity over the summer holidays. In addition, **11% (850,000) of children aged 8-17** reporting that their families had **visited a foodbank in the summer holidays**. This was over 60% higher in non-white British ethnic groups.

A Resolution Foundation Coronavirus Survey found that 33% of employees who were in the bottom quintile of weekly earnings before coronavirus have experienced furloughing, job loss or hours reductions associated with reductions in pay, compared with 15% in the top quintile.

Sources: Food Foundation YouGov Survey 14th-17th May in UK. <https://foodfoundation.org.uk/vulnerable-groups/>  
Brewer, M. & Gardiner, C. (2020) *Return to spender: Findings on family incomes and spending from the Resolution Foundation's coronavirus survey*. London, Resolution Foundation. <https://www.resolutionfoundation.org/publications/return-to-spender/>  
Kempson et al (2020) *EMERGING FROM LOCKDOWN: Key Findings from the 3rd Coronavirus Financial Impact Tracker Survey*. Standard Life Foundation. <https://www.standardlifefoundation.org.uk/en/our-work/coronavirus-financial-tracker>

## Proportion of adults whose financial situation has worsened due to Covid-19



The Financial Lives survey found that, one in five adults (19%) had cut back on essentials such as food, clothing, medical care or housing.

Between March and October 2020, the number of adults with low financial resilience increased by 3.5 million to 14.2 million, or 27% of UK adults

# The Impact of the Pandemic on Children and their Families in the UK

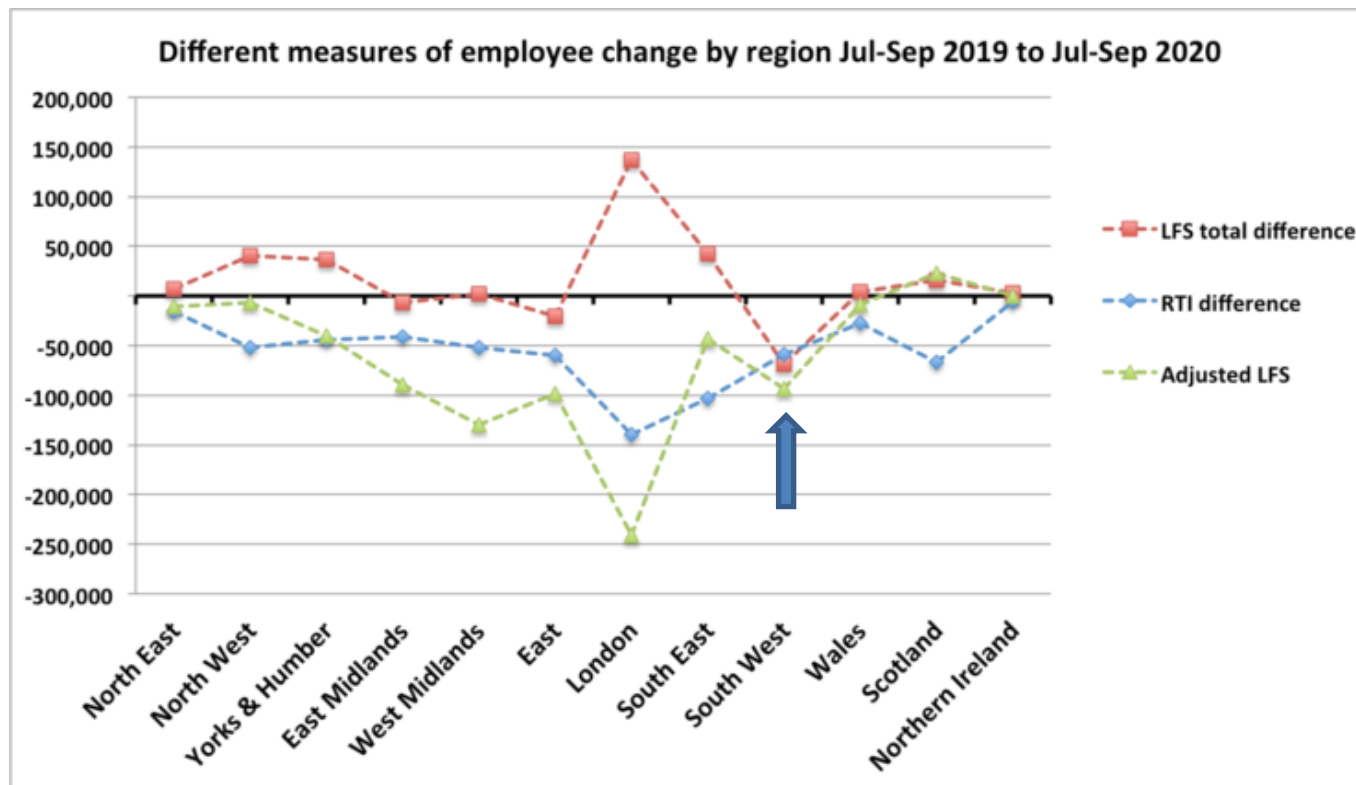


## There are over 1 million fewer people working in the UK

### There may be a smaller skilled workforce to help rebuild after the pandemic

Migrants have left the UK in large number during the pandemic and instead of the expected rise in the population of 350,000 people **the population has fallen by 1.3 million** – **the largest fall since the Second World War.**

Estimated fall in the number of employees July-Sept 2019 to July- Sept 2020



# **Poverty: Key Messages from Research**

# Poverty is not a Behaviour

Since the work of Charles Booth (1902-03), Seebohm Rowntree (1901) and their Victorian and Edwardian contemporaries (e.g. Webb & Webb, 1909) repeated studies have shown that the primary cause of poverty is not the 'bad' behaviour of the poor.

Poverty in the UK is primarily caused by structural factors, such as low wages, a lack of jobs, the lack of state provision to adequately compensate those engaged in unpaid work – particularly caring work, etc. Despite intensive research by often highly partisan researchers, as far as I am aware there are no credible scientific studies which show that any significant group of people are poor as a result of indolent, feckless, skiving or criminal behaviour.



# Poverty is not a Disease

Poverty is not like syphilis a curse across the generations, you cannot catch poverty from your parents nor pass it onto your friends, relatives or children. Research has shown that poor adults and children in the UK do not have a 'culture of poverty' and tend to have similar aspirations to the rest of the population (Lupton, 2003).

The UK welfare state is reasonably effective and there is virtually no one who is born into poverty, grows up living in poverty and remains poor for their entire lives. There are also virtually no families where members have not been in any paid employment over two or more generations.

For example, Shildrick *et al* (2012) found that “*Despite dogged searching in localities with high rates of worklessness across decades we were unable to locate any families in which there were three generations in which no-one had ever worked.*” Poor children are of course more likely, than their richer peers, to become poor adults but this is largely due to structural reasons rather than any 'cycle of poverty' or 'transmission' of poverty (Townsend, 1974; Scoon *et al*, 2012)

# **Redistribution is the only Solution to Child Poverty**

The economics are very simple and are entirely concerned with redistribution – where sufficient resources are redistributed from adults to children there is no child poverty; where insufficient resources are redistributed from adults to children child poverty is inevitable (Gordon, 2004).

Children cannot and should not do paid work to generate the resources they need to escape from poverty. This is the job of adults – numerous laws since the 1833 Factory Act have restricted and prevented child labour in the UK. Children should be spending their time playing and learning not working at paid labour (Gordon and Nandy, 2016).

## **Conclusions: The Poverty Challenge of the Pandemic**

- The Covid-19 pandemic may increase inequality and relative poverty in the UK to levels not seen since before the introduction of the Welfare State in 1948.
- Poor people are being hospitalised and dying of Covid-19 infections at twice the rate of rich people (after adjusting for age and gender).
- At present, the UK Government has no policies which attempt to reduce the inequalities in severe Covid-19 infections and death rates.
- At present, the UK Government has no post furlough policies designed to reduce the likely increases in inequality and poverty resulting from the economic impact of the pandemic.
- On the positive side the Covid-19 vaccination programme in the UK is going well and the furlough scheme and £20 temporary increase in Universal Credit has alleviated the worst economic effects of the pandemic.