

ImPRovE Final Conference

IMPROVING POVERTY REDUCTION IN EUROPE:
LESSONS FROM THE PAST, SCENARIOS FOR THE FUTURE

Session A3: Poverty

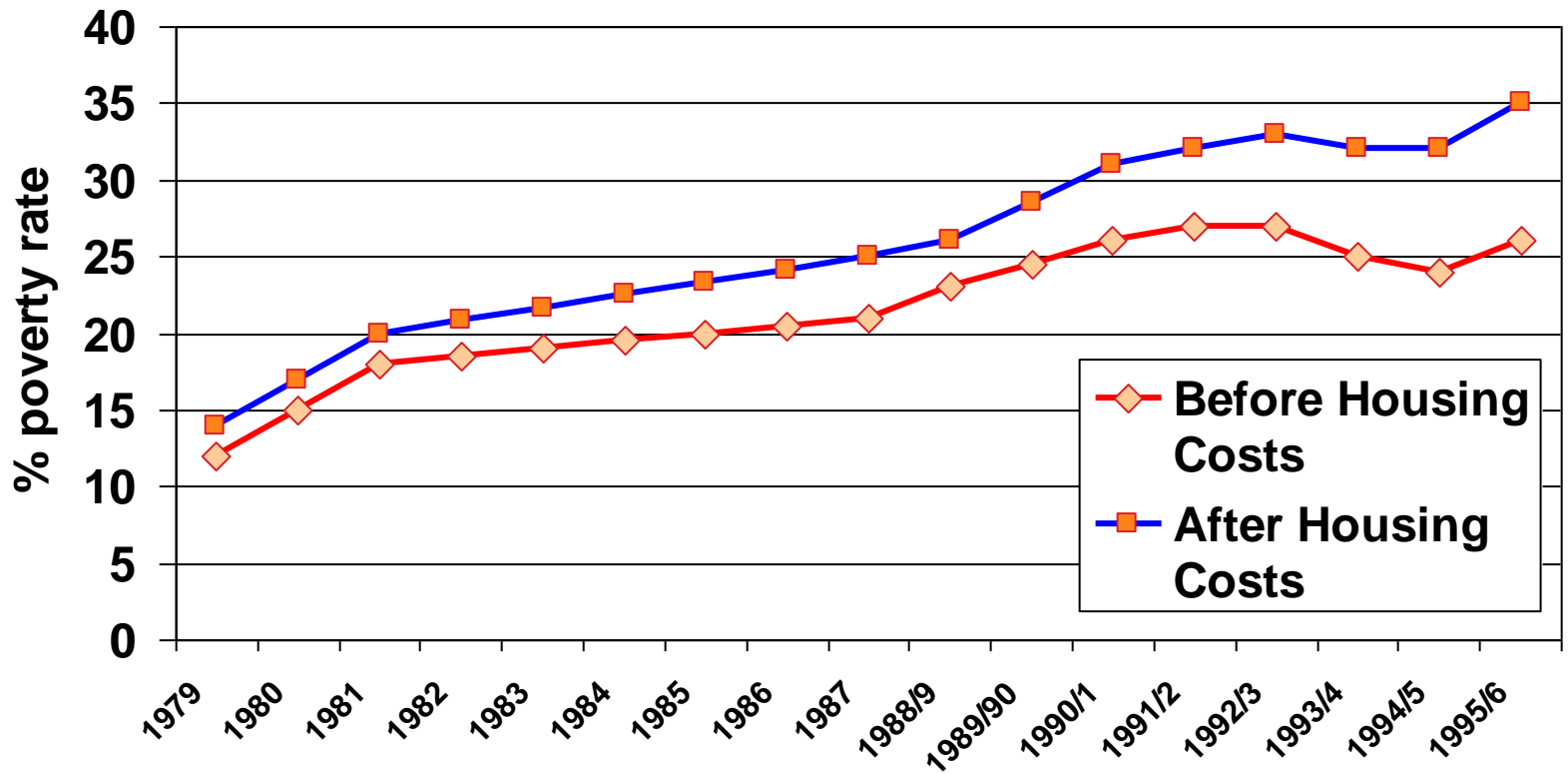
Children of the Recession: UK

Jonathan Bradshaw, Yekaterina Chzhen and Gill Main

Antwerp

4 February 2016

The Thatcher government more than doubled child poverty in the UK (% children in households <60 per cent equivalent household income)



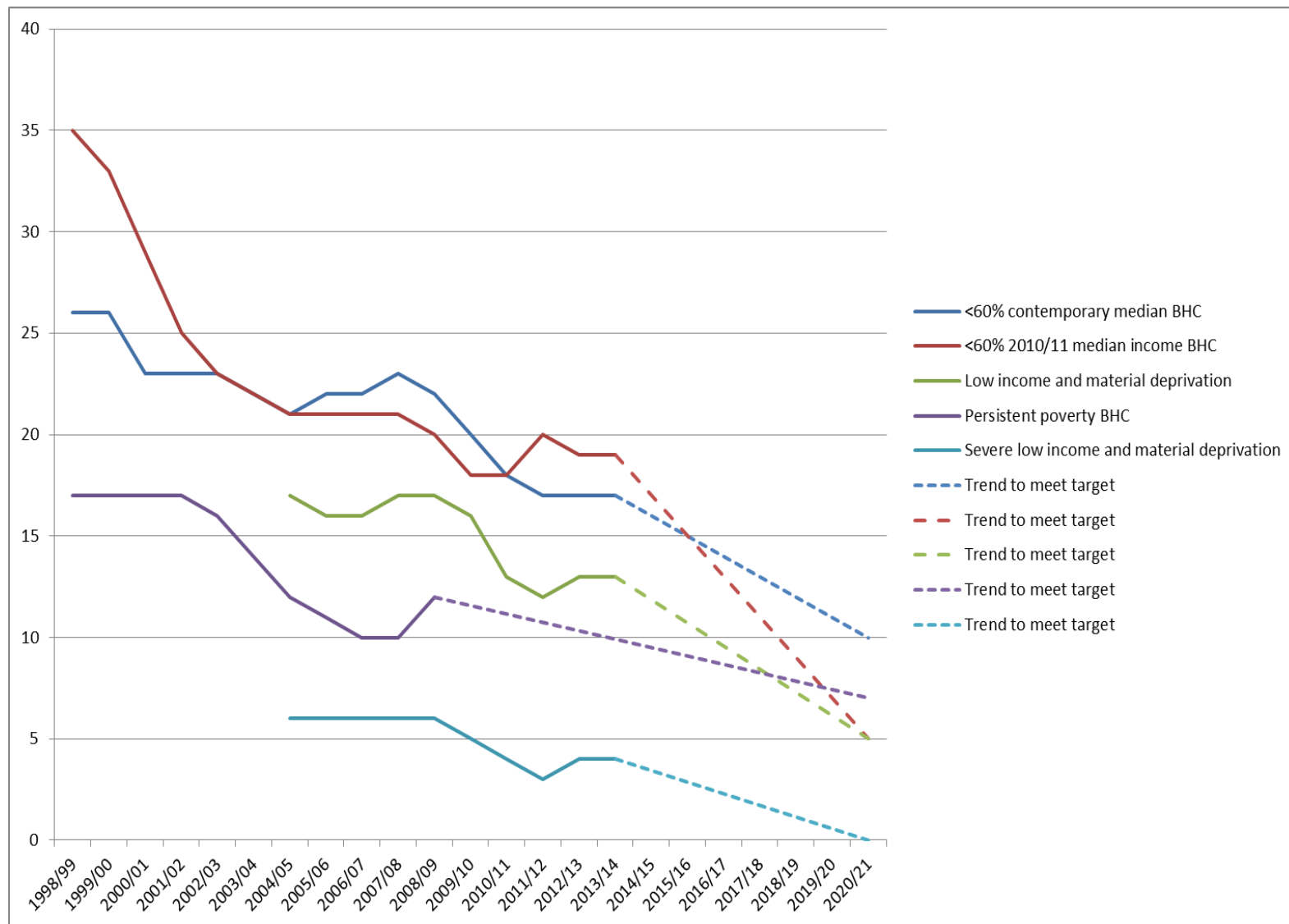
Before the crisis

- ◆ Between mid 1990s and 2010 UK reduced child poverty by **more than any other country** in LIS
 - ◆ Minimum wages
 - ◆ Improved transfers
 - ◆ High rates of employment
 - ◆ Increased social expenditure
- ◆ Outcomes improved
 - ◆ UNICEF RC 7 (2007) - RC 11 (2013)
 - ◆ Bradshaw, J (ed) *The well-being of children in the UK* (Policy Press 2013 and 2016 forthcoming)
 - ◆ Institutional transformation

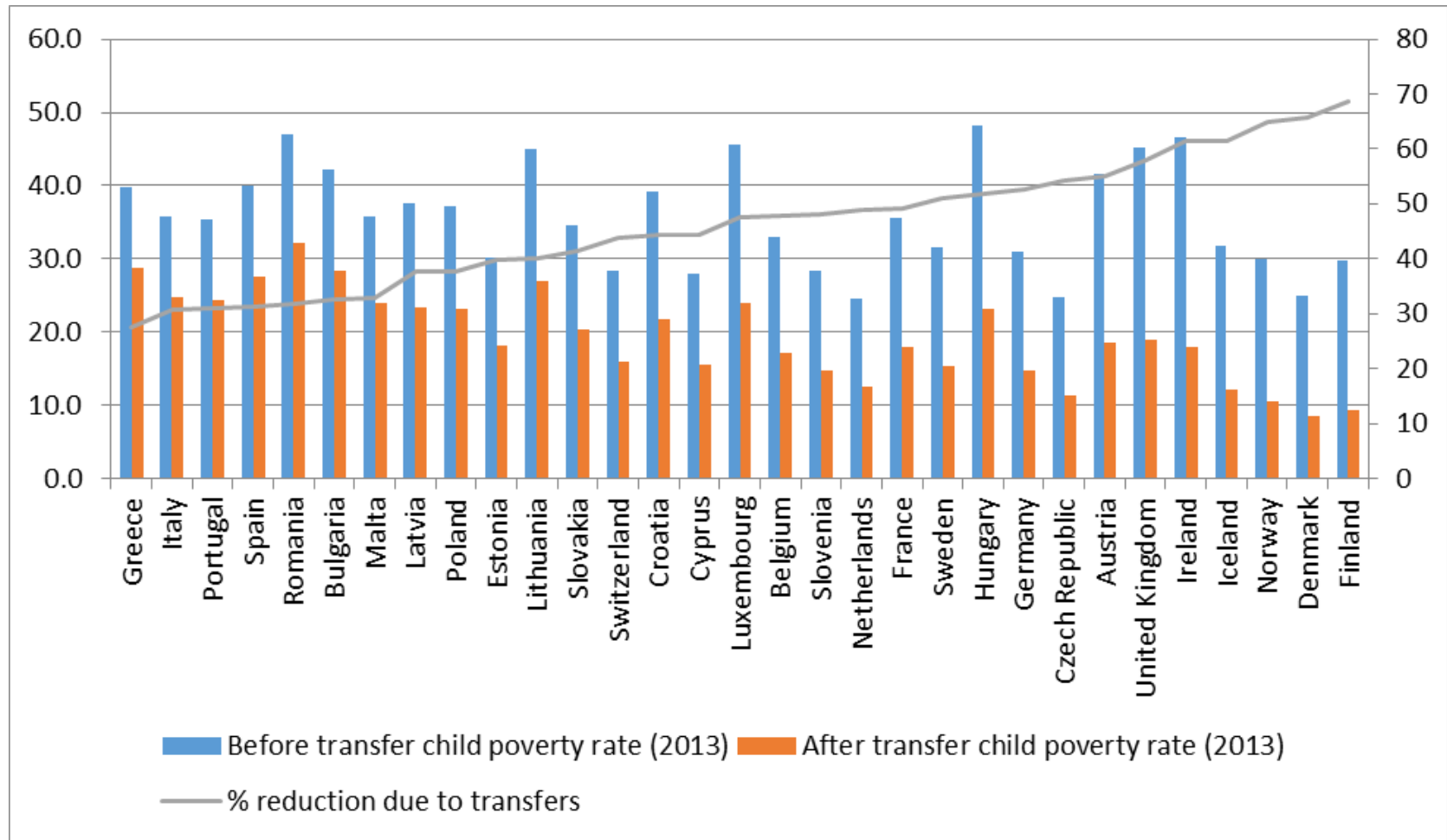
Child Poverty Act targets 2010

- Relative low income = Equivalised net household income less than 60% median 2020 target: <10% of children
- Combined low income and material deprivation = Material deprivation >20% and equivalised net household income less than 70% median 2020 target: <5% of children
- 'Absolute' low income = Equivalised net household income falling below 60% of the 'adjusted base amount' 2020 target: <5% of children
- Persistent poverty = Equivalised net household income less than 60% of median for 3 years prior to current year 2020 target <7% of children.

Child poverty act targets



Child poverty before and after cash benefits 2013

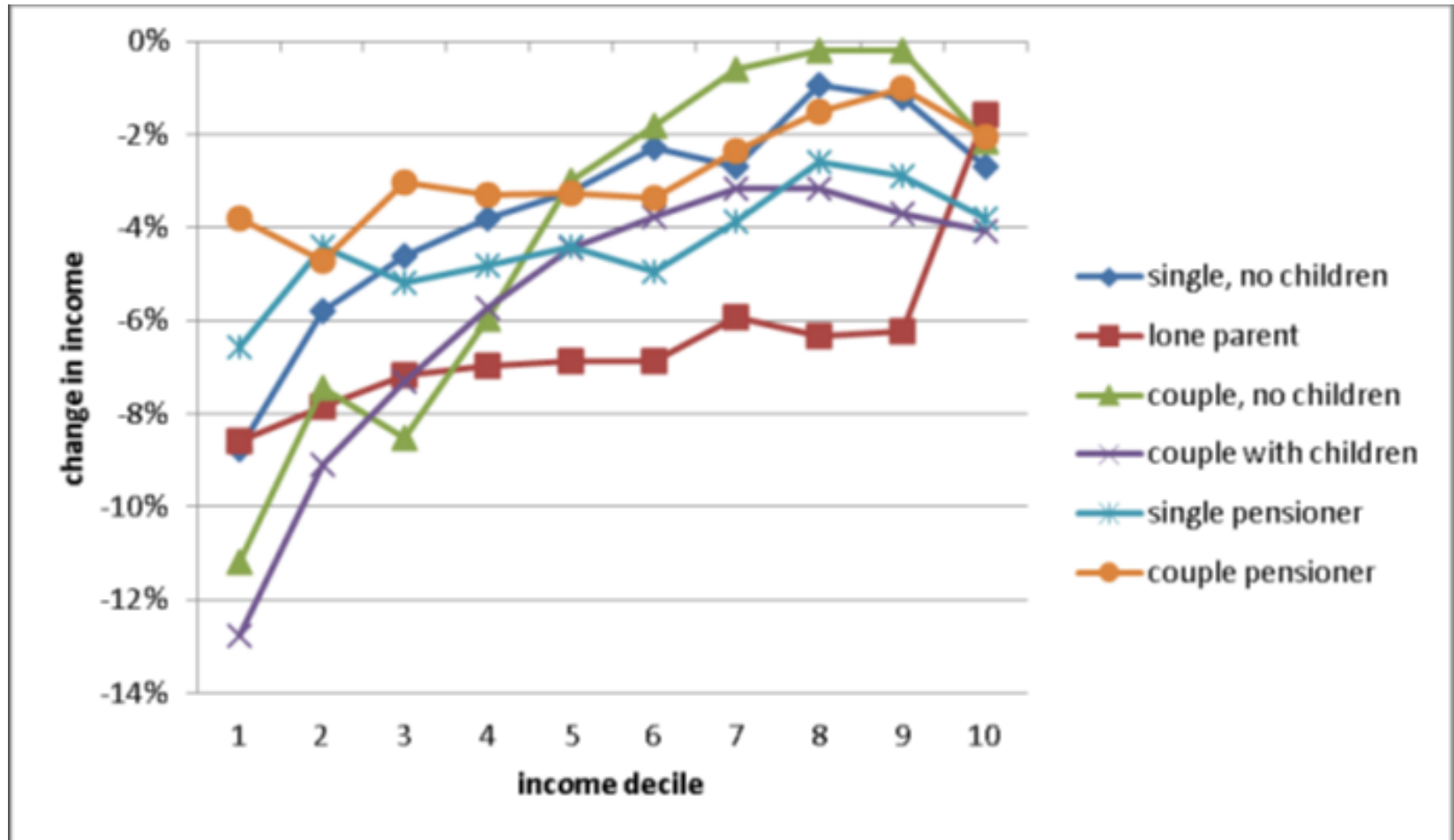


Coalition elected 2010

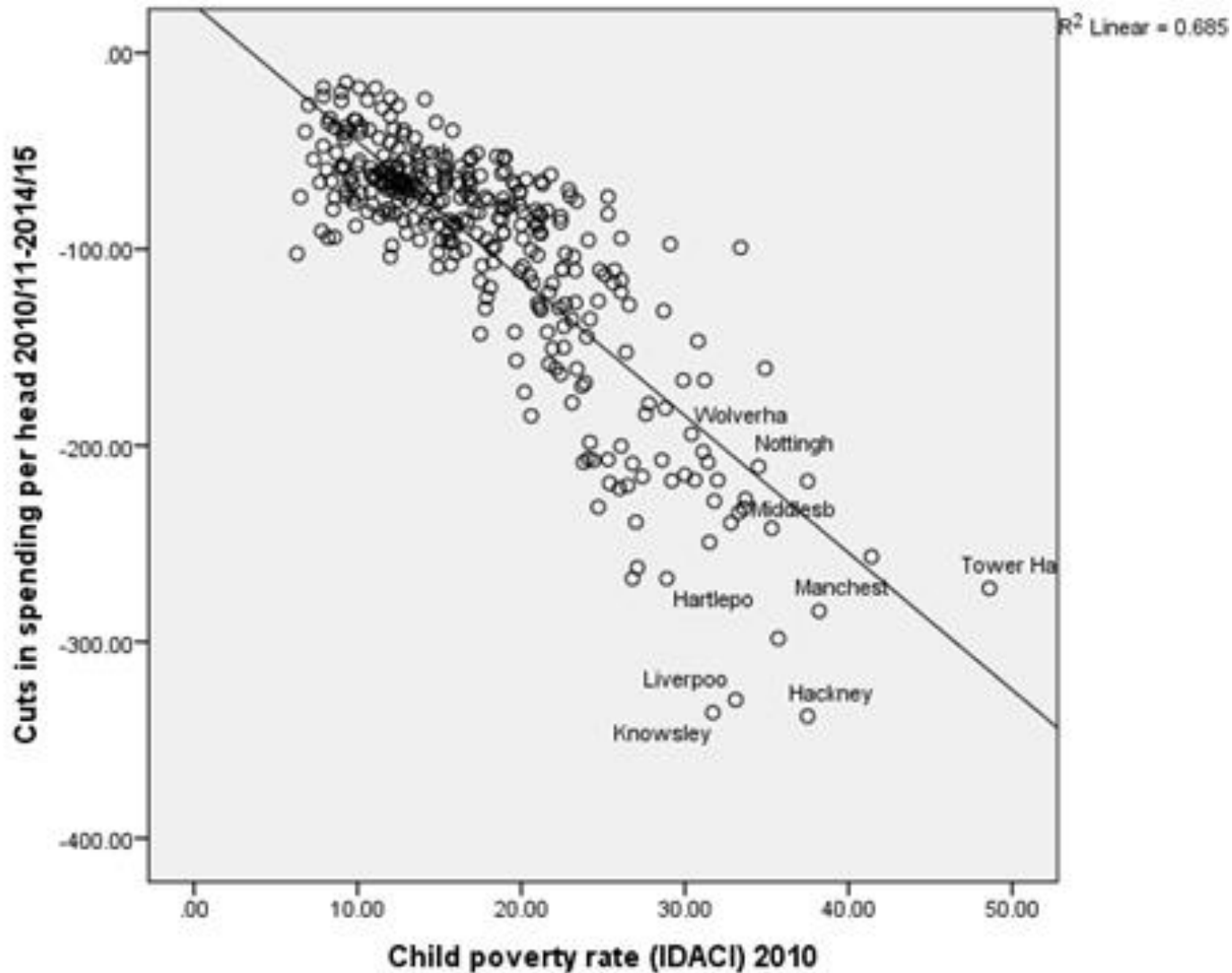
- ◆ Austerity (fiscal consolidation in EU speak)
- ◆ 85% cuts from social expenditure
- ◆ Mainly cuts in working age benefits (pensioners protected)
- ◆ Odious rhetoric of skivers and strivers
- ◆ Reinforced by gutter press - Daily Mail and TV reality show Benefits Street
- ◆ Universal Credit supposed to start in 2013 – now 2021.
- ◆ Limited cuts in deficit because of low growth and tax cuts

Combined impact of tax and welfare reforms as percentage of net household income according to family type

Reed, H. and Portes, J. (2014) *Cumulative Impact Assessment*. A research report by Landman Economics and the National Institute of Economic and Social Research for the Equality and Human Rights Commission. Research report 94.
http://www.equalityhumanrights.com/sites/default/files/publication_pdf/Cumulative%20Impact%20Assessment%20full%20report%2030-07-14.pdf



Cuts in spending by child poverty rate. Local authorities in England



2015 Conservatives elected

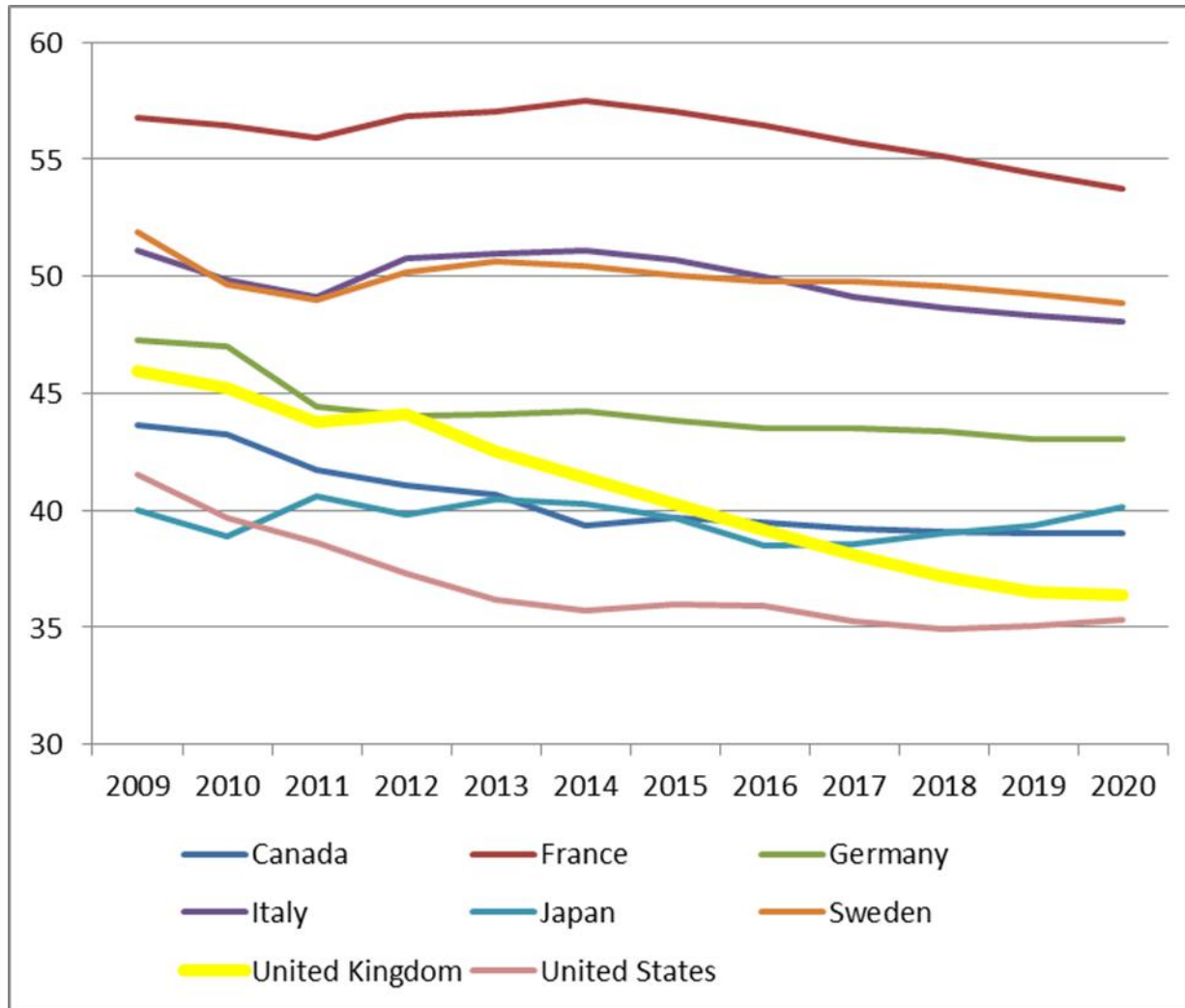
- ◆ Summer budget announces £25 billion further cuts – mainly aimed at working families tax credits
- ◆ Defeated by House of Lords!
- ◆ Now to be phased in through Universal Credit by 2021
- ◆ Meanwhile in work benefits frozen – pensioners protected by triple lock
- ◆ Safety net diminishing in value and coverage –
- ◆ Migrants are particular targets

Outcomes

- ◆ Two thirds of poor children now in low paid families
- ◆ Over a million people using food banks
- ◆ AROP child poverty rate held constant by fall in poverty threshold until 2013/14. Now bound to rise.
- ◆ Already not doing well on many child health indicators – under five mortality
- ◆ Youth suicide has stopped falling
- ◆ Child subjective well-being - probably falling
- ◆ Child homelessness on the rise
- ◆ All the child poverty gains swept away
- ◆ Child poverty expected to increase by up to 600,000 by 2020.

All to achieve this

(IMF WEO database October 2015)



Lessons of the last 25 years

- ◆ Social policy is the key feature
- ◆ Wages matter and can be regulated
- ◆ Unemployment is bad
- ◆ Work is not the solution to child poverty – family benefits are.
- ◆ Uprating critical
- ◆ Opportunities for two earners to work critical
- ◆ But childcare policy can be regressive
- ◆ Generational equity critical issue
- ◆ UK needs proportional voting and
- ◆ To stay in the EU

Twitter

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