

# Extreme Poverty in a time of Austerity

Submission to UN Special Rapporteur on Extreme Poverty and Human Rights by the Centre for Welfare Reform



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**Note:** We are happy that this submission be published. All references are provided in an annex to this submission.



## Introduction

This short paper is a submission, from the Centre for Welfare Reform to Professor Philip Alston, *UN Special Rapporteur on Extreme Poverty and Human Rights*. Our submission offers an overview of the UK Government's Austerity policy. The Austerity policy was established in 2010 by David Cameron's Coalition Government. The policy is regressive, cumulative and continuous; its five main components are:

1. Cuts to public services [1]
2. Cuts to the income of the poor and disadvantaged [2]
3. Benefits to advantaged groups [3]
4. Rhetoric to blame poverty on the disadvantaged groups [4]
5. Increased conditionality and social control [5]

It is important to note that Austerity is not about austerity. It is an ideological policy, presented as if it were driven by economic necessity and for the greater good, however:

- The policy has been broadly deflationary and has weakened the UK's economic performance - the UK's wage growth, recovery and debt levels have been woeful. [6]
- If the purpose of the policy had been to reduce public and private debt then it would have targeted tax increases on the wealthiest 15% - the only group to have genuinely seen their incomes increase over the past 40 years. [7]

For this reason we will not refer to Austerity - but instead to ~~Austerity~~ - the erasure representing the fact that Austerity is a lie.

It is also important to note that the policies introduced in 2010 were not a reversal of previous policies. ~~Austerity~~ is the accelerated development of policies that began in the 1980s and have increased poverty and injustice in the UK for 40 years. It is impossible in 2,500 words to

document all the harmful policies of **Austerity** and we expect other groups to provide different perspectives; so our focus will be limited to:

- I. The harmful consequences of **Austerity**
- II. How **Austerity** functions
- III. Why **Austerity** has continued

## I. The harm caused by **Austerity**

If it were true that **Austerity** was merely a rebalancing of public expenditure and taxes then there is no *a priori* reason why it should have any negative consequences. In principle, it could have been progressive and benefited all groups. [8] However the long-list of harms caused by **Austerity** demonstrates that **Austerity** has been extremely regressive - targeting the most vulnerable.

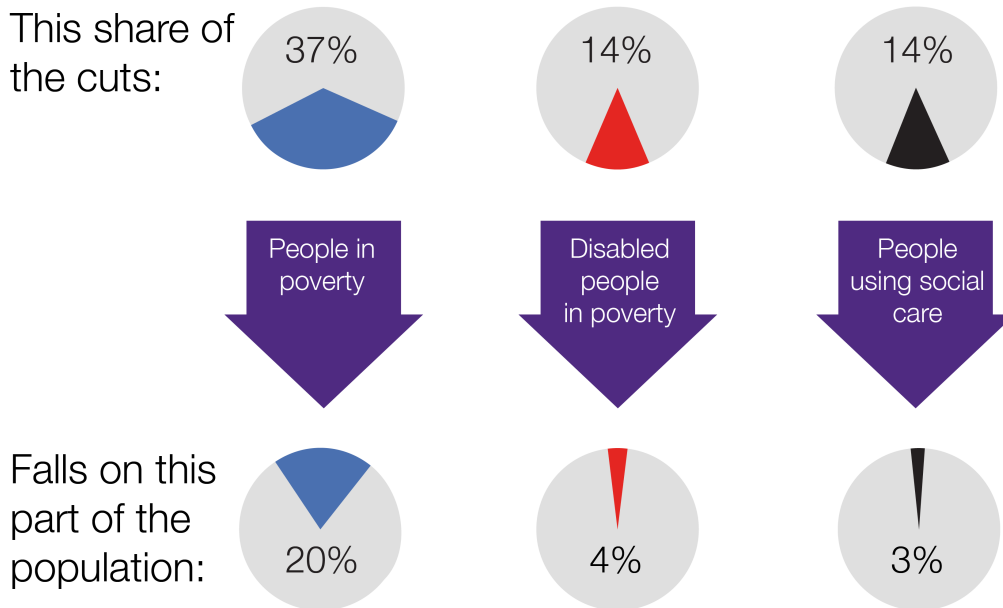
The results of **Austerity** include:

- **Death** - Increasing death rates, particularly impacting children and adults with low incomes - reversing all previous trends [9,10]
- **Malnutrition** - There were 29 food-banks in the UK in 2008-09, at the height of the banking failure, there are now about 2,000. [11,12]
- **Suicides and mental illness** - Mental illness has increased and the Government's welfare reforms are correlated with increased suicides by disabled people. [13]
- **Homelessness** - Rough sleeping has more than doubled since 2010 and it is now standard practice for local councils to rehouse families by sending them away from their community. [14,15]
- **Family breakdown** - Growing numbers of children are going into care - 73,000 in 2017 - an increase of more than 20% since **Austerity** began. [16,17]
- **Poverty and debt** - Government policy has purposely reduced incomes and increased taxes for the poorest 10% of families [18,19]

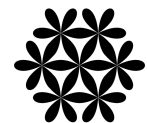
Given policies of cutting public services, cutting benefits (especially for people of working age) and of increasing indirect taxes, it is no surprise that the policy has been regressive, not just harmful to people who are poor, but particularly to those with extra needs: to sick and disabled people, to women, carers and families, to people from minority communities and from geographically poorer areas. [20,21,22]

One shocking aspect of **Austerity** has been the severe impact on disabled people. The cumulative impact of the cuts on this group - who often need income supplements, additional housing and support - has been particularly severe. [1,2] This is primarily because people are hit by cuts in housing, benefits and social care concurrently.

## How austerity has fallen hardest on those in poverty or with disabilities



Sources: Duffy S (2014) Counting The Cuts. Sheffield: Centre for Welfare Reform. Full data set at: [bit.ly/cuts-data2](http://bit.ly/cuts-data2)



Even when advocates, or the UN itself, have drawn attention to these severe impacts and the need to pay attention to cumulative impacts of multiple regressive policies, the reaction of the UK Government has been to disregard the data and to pretend that no such calculation could have been made. [23,24,25,26] This is clearly self-serving and an outrageous effort to avoid accountability for policies directly controlled by the UK Government. [27]

It important to note that, alongside the straightforward cuts in real income, many people now find themselves in a relationship with the state and its administrative systems that is hostile and harmful. It is just not that people are poorer, they also feel weaker, more insecure or even under attack. While some may be able to interpret these experiences as functions of a heartless or thoughtless government policy, many take these policies 'personally' - they begin to see themselves as worthless and undeserving. [28,29] The vicious rhetoric which is used to justify regressive policies works to both undermine the person's sense of self-worth and to encourage hate crime by others, who follow through on the scapegoating policies of political leaders. [30]

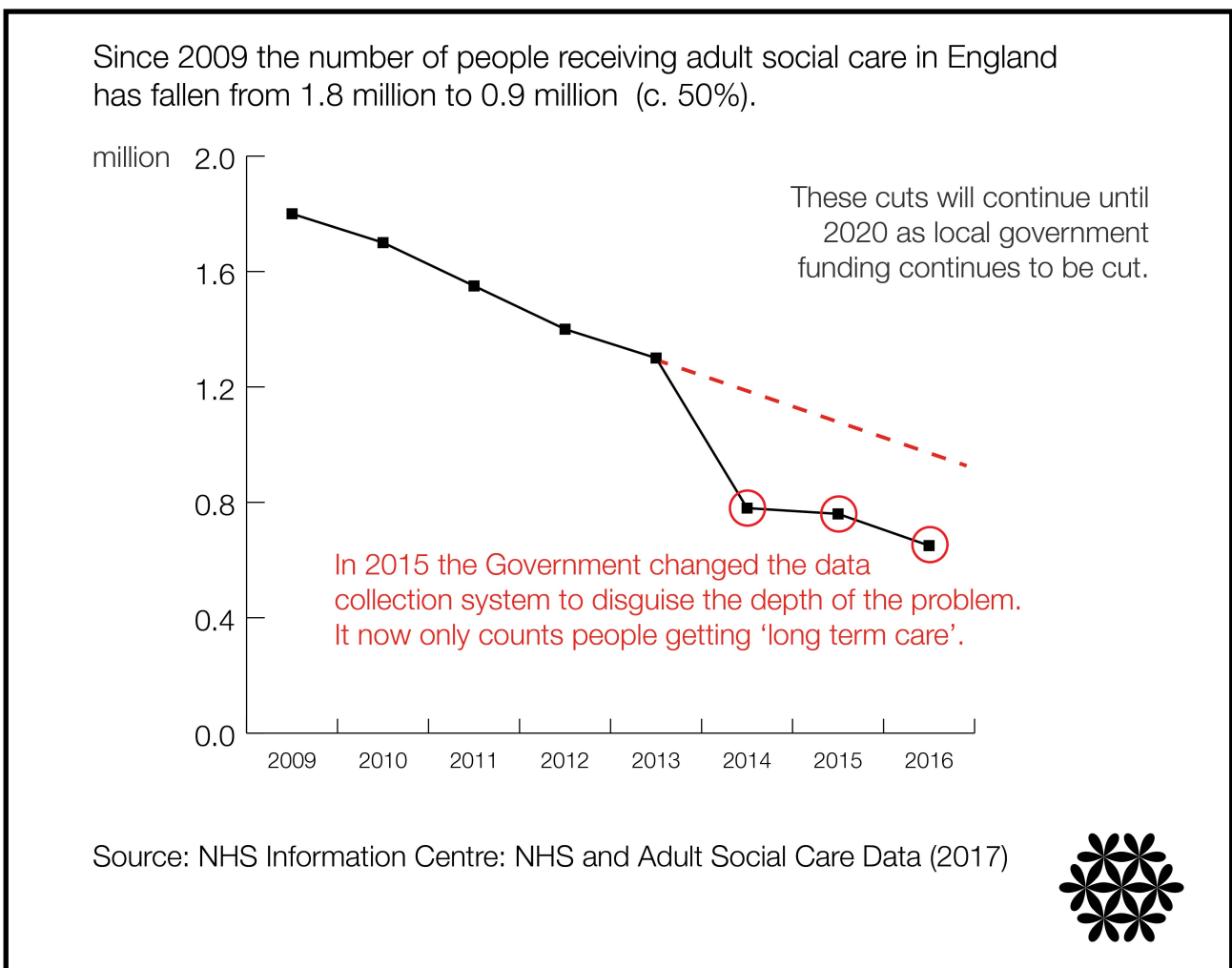
## II. How Austerity works

The full array of cuts and other policy changes that make up the Austerity programme is hard to summarise. Here we try to indicate the broad shape of the programme and some of its most striking features.

### 1. Cuts to public services

All public services have been harmed by Austerity but some more than others. In general the policy has been to target services that are locally provided or which serve minority or disadvantaged groups: youth services, women refuges, Sure Start, Legal Aid and community development.

Perhaps most strikingly of all, Austerity has savaged social care, the support service for people with the most significant disabilities. The number of adults receiving social care in England is now 50% lower than it was in 2009. [31,32]

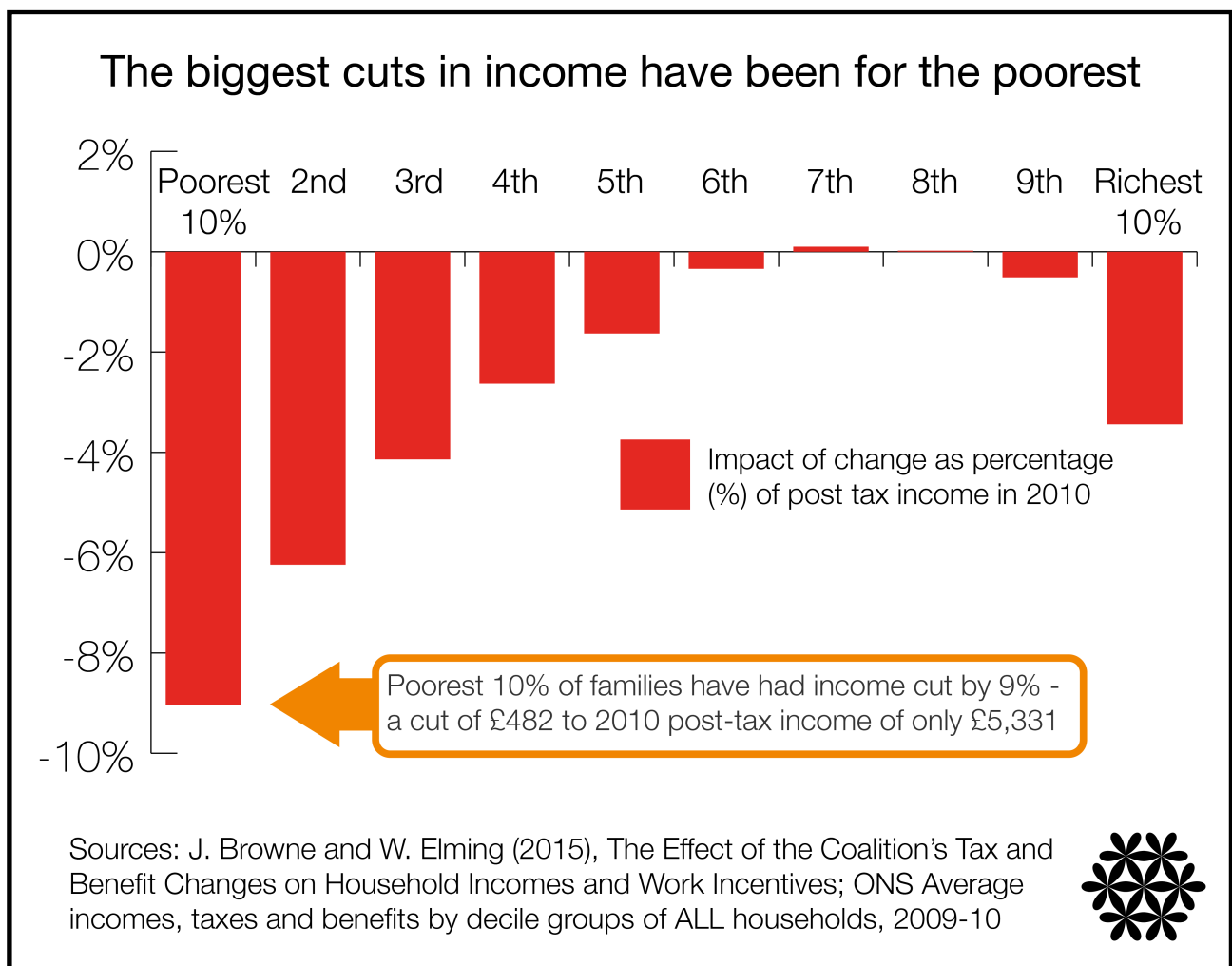


This strategy has no ethical basis, but it reveals a clear political aim: central government cuts services that it believes it will not be accountable for cutting. There are no electoral consequences for cutting local government nor services that benefit minority groups. For example, in Northamptonshire, the Conservative Party, who controls the County Council, and which has been in deep financial trouble for several years (even being declared bankrupt in 2018) still manage to increase its vote in 2017. [33,34,35]

## 2. Cuts in income of poor and disadvantaged

Cuts in the income of the poorest have been achieved with many direct changes to tax and benefits:

- VAT and Council Tax increases (which are highly regressive)
- De-indexation of benefits
- Benefit caps
- Bedroom Tax and other reductions to Housing Benefit
- 'Reforms' of benefits that reduce eligibility (e.g. ESA, PIP)



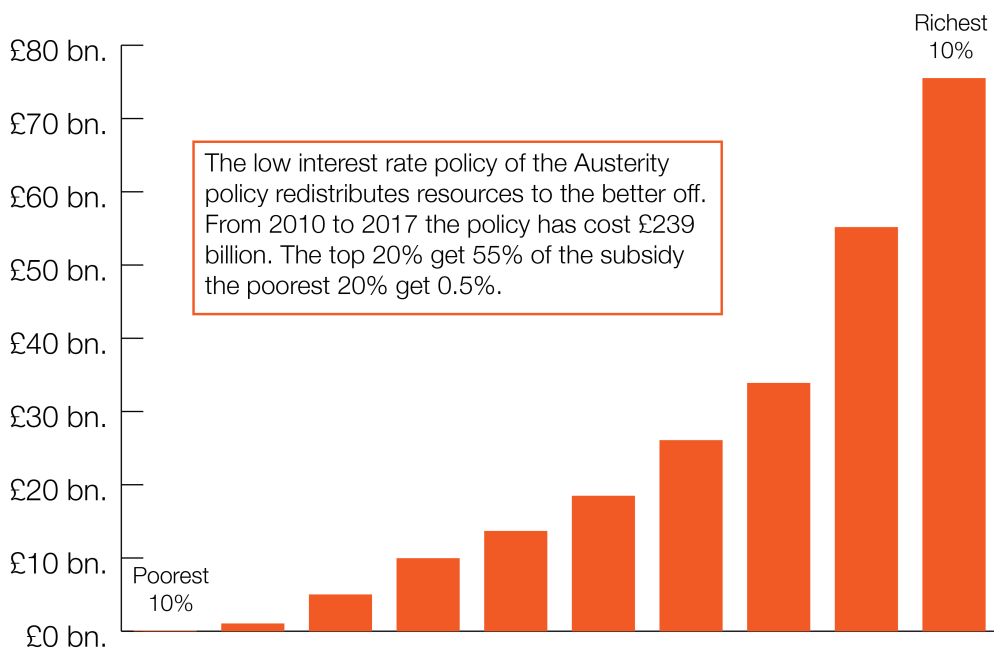
In addition to these direct attacks on the incomes of the poorest there have been cost increases in key basic goods that exceed, not only benefit increases, but also average cost increases:

- Reduced home ownership and higher rents [36,37]
- Energy costs [38]
- Transport costs [39]
- Increased debt and debt costs [40]

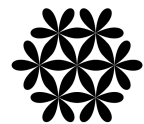
### 3. Distributing benefits to advantaged groups

While Austerity for the poor has been extreme, there have been many sweeteners for the better-off, in particular very low rates of interest. [3] The biggest debts in the UK economy are mortgages, a debt which is especially high because UK house price inflation has been encouraged by politicians. Despite the obvious problems and inequities created by this policy, it created a false sense of economic confidence while shifting resources into the hands of key electoral groups: the elderly and the better-off.

The hidden subsidy of austerity: distributional impact of low interest rates



Source: Duffy (2017) Hidden Housing Subsidy.  
Sheffield: Centre for Welfare Reform





#### 4. Stigmatising disadvantaged groups

Austerity has also seen a return to the rhetoric once associated with the Victorian Poor Law, where the threat of the workhouse served to keep impoverished communities under control and where poverty was represented as a personal moral failing. [41] Even before Austerity the New Labour government had begun to indulge in this rhetoric, unleashing a vicious *Benefit Thieves* campaign to target the statistically insignificant problem of benefit fraud. [42]

This tendency to pander to middle-class prejudices for electoral reasons accelerated after the financial crash. Despite the fact the crash was created by a combination of deregulation (the responsibility of politicians) excessive lending (the responsibility of bankers) and excessive borrowing (the responsibility of wealthy homeowners), political leaders seemed to compete to blame the UK's economic problems on the powerless, those on low incomes and who cannot afford to buy their own home. The rhetoric of the time is telling:

- David Cameron (Conservative): “Hard-Working Families”
- Nick Clegg (Liberal Democrat): “Alarm-clock Britain”
- Ed Miliband (Labour): “The Squeezed Middle”

This rhetoric was exploited by the media. An extreme example being the implementation of the Work Capability Assessment to reassess people with disabilities, cut benefit levels and transfer most people into new ‘conditionality’ programmes. The Government’s plan was to divide people, by level of disability, into 3 groups: (1) those who may be disabled but who could work now (2) those who might need additional ‘support’ to work and (3) those who





were not able to work at the moment. It made assumptions, lacking any evidential base, that those currently receiving Incapacity Benefit could be divided into these groups on a 2:1:1 split and it designed an assessment process to deliver this result. [43,44] The DWP gave a press release to the media setting out its findings. [45] This was the converted into headlines such as: “75% of ‘sick’ fit to work.”

This data and story was completely fraudulent, but it fed prevalent social myths and is widely believed to be true. In reality disabled people continue to struggle to find work, but now many with lower levels of disability have even lower levels of income and are forced to contend with an ineffective *Work Programme* which has demonstrated no capacity to support people into work. [46] In fact people who are assessed as being unable to work find work more quickly than those the government ‘assists’. [47] This policy underpins many of the suicides and growing mental illness which is such a significant problem for disabled people in the UK. [13]

## 5. Increased social control

It is also no accident that alongside cuts the Government has developed extraordinary regimes of punishment, sanctioning and control. Despite any lack of evidence, and contrary to all research on how to support people into work successfully, the DWP launched a Work Programme to ‘support’ people into work. It has been a failure. Similarly it set about a programme to ‘target’ “troubled families” with assistance and control. This programme also failed. [4] Despite this, sanctioning people on the basis of their ‘work-seeking behaviour’ has now been extended further into the next ‘welfare reform’ - the extension of Universal Credit to cover a much larger fraction of the UK population. [48] Truth or evidence now seems to play no part in current government policy; instead policy is driven by ill-informed prejudice, and largely serves to keep people frightened, anxious and unwell.

### III. Why Austerity is still here

Austerity is not an economic policy - it is a political policy, reinforced by ideology - and one that is attuned to certain economic and political realities:

- The rise of neoliberal thinking and the decline in progressive optimism has many causes, and while some of this can be blamed on the influence of corporatism and the rise of privately funded think-tanks, it is also important to recognise that it reflects some limitations and false assumptions built into the post-war consensus. Fresh thinking is required. [49,50]
- There are also important economic changes which reflect globalisation, financial deregulation and the emergence of new technologies. Over the past 40 years there has been a decline in the incomes of the poorest 85%, particularly those on middle incomes, and Government policy has been to subsidise the middle at the expense of the poor. Economic insecurity often seems to encourage scapegoating. [51,52]

Of course these factors are quite general and are have had similar impacts across the developed world. However the UK appears to be an extreme case and its policies are now far more regressive than countries, like the US or Australia, which have historically been more hostile to the welfare state. It is the view of the Centre for Welfare Reform that the critical factors that have undermined respect for human rights in the UK are constitutional:

- The UK has no written constitution nor is social and economic legislation built on human rights or well reflected in current legislation. [53]
- The first-past-the-post electoral system tends to ignore the voices and experiences of minority groups and focuses on the median voter. [54]
- The UK's second chamber is not democratic and is effectively appointed by the Executive, providing no significant check on policy-making.
- Using the law as a protection is expensive and legal advocacy is a privilege of the Rich.
- Economic and legislative power is centralised in London, local government controls only 10% of public spending and has no constitutional rights or protections. [55]
- There are low levels of democratic participation at every level and the design of parliamentary constituencies undermines the interests of the poorest. [56]
- Civil society structures, charities and advocacy groups are unwilling or unable to speak out, fettered by laws and often dependent on central government funding.
- Trade unions are generally weak, and they are not organised to protect the interests of those not in secure employment or of the poorest communities.
- The media, even the public broadcaster, is distorted by financial interests.

Essentially this mixture of factors makes the UK more prone to Government-led extremism, and it is an extremism that has now been normalised. The role of civil society and the charity sector is particularly concerning in this regard. Most people in the UK expect charities to speak out on behalf of disadvantaged groups. They do not understand that the sector is now effectively mute, for a range of reasons:

- Restrictions on political activity in Charity Law
- The fear of being represented as a lobbyist [57]
- Gagging clauses built into contracts with government [58]
- Financial dependence on government
- Patronage, the honours system and the incentive of a seat in the Lords

At some level the manufacture of a false and uneasy consensus is also social. When asked why he did not challenge the government on policies that would inevitably harm mental health a senior spokesperson of one leading mental health charity said: “If I did I wouldn’t get invited to the meetings.” [59]

## Conclusion

The UK Government has demonstrated its disregard for human rights by its treatment of the UN’s previous reports. Although we hope that the UN will publicly state their concern at current policies, we also hope that the UN will encourage international bodies to treat the UK as a case study in how respect for human rights can go into rapid decline when the right constitutional protections are not in place.

We hope the UN will launch wider research into the factors that underpin declining support for human rights within developed welfare states, like the UK. It is our view that we must examine the constitutional and democratic foundations of social justice more clearly: hoping that politicians will just do the right thing is not enough.