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Poverty rises in Britain as money poured into Iraq war

By Ann Talbot
2 April 2007

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The number of people living in poverty in Britain last year rose from 12.1 million to 12.7 million, a rise of 600,000 people, according to the latest government figures. The number of poor children increased by 200,000 to 3.8 million between 2005 and 2006, in what is the fourth richest country in the world.

When the Labour Party came to power in 1997, Britain had the highest rate of child poverty in the industrialised world as a result of nearly two decades of Conservative rule that created mass unemployment and slashed the welfare state. Prime Minister Tony Blair pledged to reverse this situation. "Ours should be the first generation to end child poverty forever," he piously intoned and committed his government to a series of targets: Labour would reduce child poverty by a quarter by 2004-2005 and halve it by 2010. It missed the first target, and these latest figures show that child poverty is now actually on the increase.

Experts estimate that it would cost £4.5 billion to reduce child poverty, which as Channel 4 news presenter Jon Snow pointed out, is exactly the same amount of money as the additional military expenditure that the government has incurred with the war in Iraq. Seldom has any government been so humiliatingly shown to be both morally and politically bankrupt by its own figures.

Nor is it only Blair's reputation that is on the line. Chancellor Gordon Brown delivered his budget just before the poverty figures were announced. He must have been fully aware of them when he removed the lowest rate of income

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tax for the poorest earners and gave a tax handout to the richest. In large measure, it is Brown's financial management that has been responsible for the shift in wealth from the poor to the rich that has taken place during Labour's period in office.

The government's response to the latest figures was to claim that they were a statistical anomaly and to declare that the only way to defeat poverty was by getting more people into work. But Britain already has one of the highest levels of employment in Europe. Most of the children living in poverty have at least one parent in work. While the Tories produced poverty by creating mass unemployment, Labour has presided over the phenomenal growth of the working poor with millions having been forced into low-wage jobs through punitive benefit cuts.

This rise in poverty has taken place in a period of comparative economic prosperity, when the UK economy has been growing. As world conditions become more turbulent and threaten to slide into recession, the level of poverty can only increase still further. The International Monetary Fund has warned Brown that he must reduce the proportion of national income that goes into government spending in the next period, so further attacks can be expected on already low welfare benefits. At present, a family of two parents and two children has to manage on £190 a week benefit, which is £100 a week below the government's own official poverty line.

This is the first time that relative poverty has increased under the Labour government. Relative poverty is measured as those households living on 60 percent or less of the median income. When housing costs are taken into consideration, the number of people living in poverty rose from 12.1 million in 2004-2005 to 12.7 million in 2005-2006. The figure before housing costs rose from 10 million to 10.4 million over the same period. The Institute for Fiscal Studies concludes that these figures are statistically significant and drawn from a representative sample.

The figure for households living in absolute poverty has also risen. Absolute poverty is measured against a fixed standard. "It is very rare," points out the Institute for Fiscal Studies, "for poverty to show any increase when judged against a fixed measure of living standards rather than one that rises with the prosperity of the population in general." For a family of two parents and two children, the level of absolute poverty is fixed at £14,924.

The number of children living in relative poverty has increased by 100,000. This is the first increase in six years. For a family of two parents and two children, this means living on an income of less than £17,264. According to

the government figures, 2.8 million children were living in poverty before housing costs and 3.8 million after housing costs were taken into account.

The Institute for Fiscal Studies says another £4 billion is needed over the next three years if Brown is to have any chance of hitting the target. The chancellor, when pressed, refused to commit more money, stating, “The key to the future is how many people you can get into work. That’s the bigger contribution to tackling child poverty in future.”

Coming on top of the recent Unicef study that showed Britain at the bottom of the scale for child well-being among all industrialised countries, alongside the United States, the government figures put paid to any claim that Labour is genuinely attempting to improve social conditions in Britain. They reveal the true face of Labour as a government that is committed to defending the interests of the big corporations and the rich.

Any conception that Labour can be pushed to the left or would be better under Brown also has to be abandoned. In cold statistical form, the figures chart the flow of wealth to Labour’s wealthy backers and the cost of waging a war that serves the interests of global capital.

The appalling toll of misery and deprivation exacted by Labour’s pro-business economic and social agenda vindicates the decision of the Socialist Equality Party to stand in the upcoming elections to build a genuinely socialist movement against the Labour government that will unite workers internationally against the wars in Iraq and Afghanistan.

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[29 March 2007]

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[27 March 2007]

[Top of page](#)

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