

Three reports expose extreme inequalities in Britain

By Steve James
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The United Nations' Special Rapporteur on extreme poverty and human rights, Philip Alston, visited the UK and Northern Ireland last year and received over 300 written submissions. His report's summary, in unusually frank language, stated:

"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 percent 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."

Alston noted a "growing number of homeless families—24,000 between April and June of 2018."

He observed that "it might seem to some observers that the Department of Work and Pensions has been tasked with designing a digital and sanitized version of the nineteenth century workhouse, made infamous by Charles Dickens ..."

One of the most striking developments highlighted is the growth of the "working poor."

"Four million workers live in poverty, an increase of more than half a million in the last five years." One in six of those referred to food banks are working, while 60 percent of those in poverty are families in which at least one person works. Even more striking, "a shocking 2.8 million people are in families where all adults work full-time" yet are still in poverty.

Alston confirms the extent to which the "social safety net" which once provided a guarantee against the most extreme levels of poverty and deprivation has been

"systematically and starkly eroded." He heard "time and again about important public programmes being pared down, the loss of institutions that previously protected vulnerable people, social care services at breaking point, and local government and devolved institutions stretched far too thin."

The 49 percent cut in funding to local government between 2010/11 and 2017/18 resulted in 500 children's centres and 340 libraries closing to 2016, while 8,000 librarians lost their jobs.

Large numbers of vulnerable children were at "greater risk of harm due to rapidly deteriorating front-line child protection services."

The UN rapporteur devoted a large section of this report to the government's Universal Credit (UC) scheme, which rolled six welfare benefits into one. He described local authorities and voluntary organisations preparing for UC to be introduced into their area "as if they were preparing for an impending natural disaster or health epidemic."

UC impacted welfare claimants' finances, mental health and work prospects. Its "perverse and catastrophic" five-week waiting period pushes "many who may already be in crisis into debt, rent arrears and serious hardship." Deductions for advances, rent and utility arrears can consume as much as 60 percent of the already meagre payments.

Working UC claimants can experience huge monthly fluctuations in the amounts they receive, while the punitive regime of benefit sanctions for claimants falling foul of the government's arbitrary and pointless job search requirements had succeeded in "instilling a fear and loathing of the system."

Because UC is claimed online, the new scheme effectively excludes large numbers of the most vulnerable who have no smart phone or internet access. One third of new claims for UC are never completed, a UC telephone

helpline is overloaded and operated by poorly trained staff, while many of the public libraries offering internet access have been closed. Many UC claims are automatically processed, giving rise to “errors of scale” with “millions of monthly transactions” found to be incorrect. Claimants are waiting months to be paid the right amount even when written evidence of a mistake is available.

Among Alston’s other findings were:

- * More than 40 percent of children live in poverty.
- * Half of all those in poverty are from families with a disability.
- * Pensioner poverty is rising.
- * Black and Asian families in the lowest fifth of income levels were “the most likely to live in poverty and deprivation.”
- * Destitution is a “design characteristic of the asylum system.”
- * People in poverty in rural areas were at particular risk of “loneliness and isolation” due to cuts in transport services, and lack of broadband or library access.

Despite bitter complaints from the British government, Alston’s report is to be formally presented to the UN Human Rights Council in June.

By grotesque contrast, this year’s *Sunday Times* Rich List, the annual roll call of Britain’s 1,000 wealthiest individuals, revealed that the super-rich had, over the last 12 months of general social immiseration, increased their personal worth by nearly £50 billion.

Collectively this infinitesimally small social layer account for £771 billion, although this figure is assumed to be considerably underestimated. Entry level for the rich list is now £120 million, an increase of £5 million from last year. Of the wealthiest 1,000, 151 are billionaires, six more than last year.

Britain’s entire annual social security budget last year was £222 billion.

A more detailed and comprehensive report into inequality was recently initiated by the Institute of Fiscal Studies (IFS), to be led by academic Sir Angus Deaton over the next five years.

An introduction to the *Deaton Review*, “Inequalities in the twenty-first century” by Robert Joyce and Xiaowei Xu, reports that Britain is one of the most unequal societies in the world, although weaknesses in both the Gini coefficient and the 90:10 ratio meant that both measures have failed entirely to capture the “runaway rise in top incomes.” For example, CEO pay to the FTSE 100 companies in the UK was, by 2017, 145 times higher than

the average worker’s salary, up from 47 times higher in 1998.

Deaton and his partner, Anne Case, coined the term “deaths of despair,” referring to “deaths from suicide, drug and alcohol overdose and alcohol-related liver disease” while “deteriorating job prospects, social isolation and relationship breakdown may slowly be taking their toll on people’s physical and mental health.”

Introducing his report, in a speech titled “Inequality and the future of capitalism,” Deaton gave voice to the concerns of more astute advisers of the ruling elite. He warned, “Britain is divided as never before and, once again, many believe that their voice doesn’t count either in Brussels or in Westminster.”

“[T]oday’s inequalities are signs that democratic capitalism is under threat, not only in the US, where the storm clouds are darkest, but in much of the rich world ...” He recommended “repairs for democratic capitalism, either by fixing what is broken, or by making changes to head off the threats.”

Deaton harkened back with undisguised nostalgia to “the construction of the modern welfare state by Attlee’s government after the Second World War,” which he says had “tamed the beast” of capitalism. This is a forlorn wish indeed. His review is being prepared amid the shipwreck of Jeremy Corbyn’s declared project of pushing Labour to the left.

Instead Labour’s right wing, speaking for the super-rich, have declared even his meagre reform proposals beyond the pale. Corbyn has made endless retreats while his Shadow Chancellor John McDonnell woos the City of London with pledges of loyalty to big business and the “national interest.” This guarantees that the storm clouds will continue to gather over capitalism and that the threat to its survival from the working class will grow.

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