

Child poverty and party politics: what hopes of a consensus?

All the main parties agree that child poverty must be eradicated. But recent reports reveal a lack of common ground on the right level of state intervention.

Lisa Harker **analyses the different political approaches.**

WHEN DAVID CAMERON announced late last year that trickle-down economics were not working and his Party now 'recognises, will measure and will act on relative poverty'¹, it seemed one of the great political fault lines had finally been smoothed over.

For poverty campaigners Cameron's volte-face was a moment worth savouring. Many remember when, in 1989, the Social Security Minister John Moore declared 'the end of the line for poverty'. In those days politicians contested the very existence of relative disadvantage. So when David Cameron went out of his way to say that John Moore had been wrong, it appeared to signal the emergence of a new consensus.

But while the main political parties now agree about the importance of tackling poverty, they have different ideas about how to go about it.

Labour's approach is now well-established. The key elements of its strategy have been: substantial increases to benefits for families with children, a new tax credit system, employment programmes focused on supporting (principally lone) parents back to work and a raft of changes to early years' services designed to give every child 'the best start in life'.

In practice, tax credit and benefit measures have been the most important element of Labour's strategy because these have made the most immediate difference to levels of child poverty. Welfare-to-work initiatives have also been influential. But over time other aspects of the strategy will become more significant. Labour will not meet its long-term aspirations to end child poverty unless the link between early disadvantage and later poverty is broken; and

this will rely on the effectiveness of parenting, education and wider social support to transform children's life chances.

So what about the strategy of the other main political parties? Having heard little about child poverty from the Conservatives and Liberal Democrats, other than an occasional critique of the Government's strategy, several policy documents have been published in the past year that provide much more detailed insight.

In July, the Liberal Democrats set out their strategy in *Freedom from Poverty, Opportunity for All: Policies for a fairer Britain*. In it they rejected what they described as the Government's 'top-down, target driven approach', while at the same time distinguishing their approach from the Conservatives' 'great leap backwards to nineteenth-century Tory voluntarism'. The Liberal Democrats make the case for a middle way: state intervention to root out poverty and tackle lack of opportunity, combined with a commitment to giving people freedom from the state and 'dependency'.

Among the Liberal Democrats' chief concerns are current levels of means testing, which are criticised for discouraging people to work, save and support their families. The Liberal Democrats propose ways to reduce the number of people on means-tested benefits by 10 million.

This would partly be achieved by several reforms to tax credits – for example increasing the threshold and the taper at which tax credits start to be withdrawn (as well as removing the £25,000 income disregard). It would also be helped by a shift towards universal benefits. The family element of the child tax credit would



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be removed and paid via child benefit instead. Further investments in child benefit for second and subsequent children would be made, although no specific timetable is proposed. In addition, the Liberal Democrats propose more stable tax credit payments: a return to fixed six-month awards and a commitment not to require overpayments to be repaid unless it was evident that the tax credit recipient is aware that a mistake was made.

Two other key elements of the Liberal Democrats' strategy concern welfare-to-work and support during the early years. On welfare reform the Liberal Democrats' proposals mirror the Government's plans in many ways. Jobcentre Plus would become a one-stop shop for benefit claims (a 'First Steps Agency') and would provide a database of job vacancies. It would not be responsible for providing employment support – this would be contracted out to private and voluntary sector organisations within three months of a jobseeker's benefit claim. But the Liberal Democrats go further than the Government's existing proposals in recommending the introduction of a single working age benefit and the establishment of a benefits commission to identify further steps to simplify the benefits system.

In terms of early years support, the Liberal Democrats propose a maternity income guarantee for mothers of each first-born child that would be equivalent to the current minimum wage for the first nine months (with the aim of extending the payment to 12 months as resources allow). They also argue that childcare tax credit should be paid in respect of children living with unemployed parents, provided that the money is used for 'educational provision' but that payment levels would be lower than for working parents in order to maintain work incentives. More money would be found to improve the skills of the childcare workforce, and an additional £500 million would be paid into the Transformation Fund over the next Parliament. The money is to be found by abolishing the tax subsidies currently given to employers for providing support with childcare.

Among their more radical proposals is the Liberal Democrats' plan for a 'pupil premium': a £1.5 billion fund to provide additional resources for disadvantaged pupils. The funding would remain with the pupil through primary and secondary school, whichever school they attend. It could be used by schools to cut class sizes, attract high quality staff, employ more specialists or undertake outreach work with families.

The Liberal Democrats propose to resource the fund by scaling back tax credits and from abolishing the Child Trust Fund.

Despite the Liberal Democrats' determination to present a distinctive strategy, their plans for tackling child poverty look overall remarkably similar to Labour's, albeit with less emphasis on means-testing and a little more on the role of education. The key elements are the same – a strong safety net, measures to support parents to work and initiatives that aim to transform the life chances of children who are born into poverty. By contrast, the dividing lines are much clearer when you look at the proposals being floated by the Conservative Party.

Iain Duncan Smith's Centre for Social Justice has published several detailed papers in the last year which offer David Cameron a rich menu of options.

In *Breakdown Britain*², the causes of poverty are identified as being family breakdown, educational failure, economic dependence, indebtedness and addiction. Poverty isn't just about money, although there is recognition that money matters too. But considerable emphasis is given to personal responsibility. One of the reports quotes Bob Holman, the respected poverty campaigner and activist: 'the inner city isn't a place but a state of mind – there is a mentality of entrapment, where aspirations and hope are for other people, who live in another place'³, a statement that neatly captures this view. David Cameron agrees. He sees the Conservatives' mission as 'to roll forward the frontiers of society'⁴, to foster more personal responsibility, not only as citizens but also as public sector workers, corporations and communities.

There is a particular focus on the most marginalized, the poorest in society. As *Breakthrough Britain* puts it, 'as the fabric of society crumbles, at the margins what has been left behind is an underclass.' By placing the spotlight on those in greatest difficulty, these reports describe a world which, it feels, few of us inhabit. This is about other people – not us.

But the big dividing line between Conservative proposals and those of Labour concerns the role of the state. Labour sees the elimination of poverty as principally the job of government, whereas the Conservatives put greatest emphasis on individuals taking responsibility for their own choices and sees government's role as helping people to make the right decisions. So, the Conservatives believe that government

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should promote marriage, through measures such as a transferable income tax, personal allowance and relationship support. They also believe that government should fund initiatives that help people to free themselves of debt and addiction. But the Conservatives reject 'mechanisms of centralised redistribution' that they attribute to Labour, and while they do not propose to do away with the tax credit and benefit system altogether, they put far less emphasis on its role in tackling poverty.

A key theme in *Breakthrough Britain* is the need for government to stop interfering. It is portrayed as constraining the voluntary sector from being able to 'do good'. And on early years policy the message is: stop telling parents how to run their lives. Whether it is access to the childcare tax credit for informal carers or allowing parents to take their full entitlement to maternity pay over a shorter period, the Conservative Party is keen to put parents in the driving seat. Such proposals have strong appeal with parents who feel their work-life balance is out of kilter, or who struggle to find affordable childcare. Labour will need to consider whether it is doing enough to help parents make genuine choices about balancing their work and family life.

One proposal may well catch Gordon Brown's eye. *Breakthrough Britain* recommends that serious consideration be given to frontloading child benefit, with payments going first to parents whose children are 'at risk' on condition that they attend some parenting support. By frontloading child benefit so that up to three times the standard rate of benefit would be paid in the first year (£2,800 pa), the report argues that parents would have more financial freedom to stay at home and care for their children if they wish. Whether the sums involved are sufficient to offer parents a genuine choice of going back to work or not is arguable, but the idea of tapering support to offer parents greater choice about their working patterns when their children are young is one that is likely to have broad appeal.

Across the three main political parties there is a certain degree of consensus about how to tackle child poverty. Politicians are united in their view that work is the best route out of poverty and that tackling poverty in the early years is a priority. Early education, parenting support, welfare-to-work proposals and tax credit and benefit measures all feature.

There are some new departures. Interestingly, both the Liberal Democrats and Conservatives

are placing increasing emphasis on corporate responsibility – the Conservatives propose that credit card companies should be required to provide clearer information on repayment terms and that home credit companies are subject to the same data sharing requirements as mainstream lenders. The Liberal Democrats propose to reduce the 'poverty premium' through, for example, changing the way that unit prices for utility bills are structured. Also, Labour is under increasing pressure from both opposition parties to reform tax credits by bringing the support that couples receive in line with lone parents. The Conservatives describe this proposal as 'the single most important step that the Conservative Party could take to start supporting stable family life.' While Labour is unlikely to agree, it may well need to re-look at tax credits for couple families.

But while there are many similarities in the policies promoted by the main political parties to tackle child poverty, there is no clear consensus about the overall role of the state. It will be on this territory that future debate will need to focus. If we are to eradicate child poverty in a generation how much can be achieved by government and how much lies in the hands of individuals? Is it the role of the state to bolster personal responsibility, and, if so, how? Or should the state be responsible for redistributing resources, opportunities and power? In an age where individualism trumps collective action, and where there is little deference for the state and those who serve it, the portrayal of the state as being an unwelcome interference is a popular one. There needs to be a balance, of course, but poverty and inequality have never been resolved by relying on people to pull their socks up. The case for the state's role in redistributing income, wealth and opportunity needs to be backed urgently.

Now that all the main political parties agree that action needs to be taken, campaigners no longer need simply to make the case for change. In the coming years the child poverty debate will shift from 'whether' to 'how' – but on this issue there is anything but consensus yet. ■

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- 1 D Cameron, *From State Welfare to Social Enterprise*, The Scarman Lecture, 2006
- 2 Social Justice Policy Group, *Breakdown Britain: Interim Report on the State of the Nation*, 2006
- 3 Social Justice Policy Group, *Breakthrough Britain: Ending the Costs of Social Breakdown, Overview*, 2007
- 4 D Cameron, *From State Welfare to Social Enterprise*, The Scarman Lecture, 2006

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