



Iain Duncan Smith on child poverty and the government's targets:

A corrections and clarifications briefing by Child Poverty Action Group

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On March 29th 2014, the Secretary of State for Work and Pensions, the Rt Hon Iain Duncan Smith, was interviewed by Evan Davis on the Today Programme on BBC Radio 4.

Although the main topic for the interview was a vote taking place that day on a government proposal for a cap on its expenditure on large parts of social security, tax credits and other social support, much of the interview also covered child poverty and the government's targets.

CPAG believe that there were many erroneous and misleading statements in the Secretary of State's comments, and we have produced the following series of corrections and clarifications with hyperlinks to evidence where relevant. The full interview transcript follows at the end.

Iain Duncan Smith – quotes in bold

CPAG response – quotes in plain type

"I believe the long-term strategy, which, you know, part of the long-term economic strategy that we are doing, is actually going to bring child poverty down."

CPAG response: Iain Duncan Smith may believe it, but he has not shared with anyone else the information to explain his confidence. His [draft child poverty strategy for 2014 to 2017](#) does not contain any quantification and timeline in relation to the indicators used in the Child Poverty Act for the reductions he believes his policies will produce.

"We conducted a series of consultations, and we're still doing this, about whether there is a better way to work out what actually it means and qualifies a child and a family to be in poverty."

"This is a consultation with all of the poverty specialists around the country we're conducting with the Liberal Democrats, about what is a better way to measure this."

A [consultation on measuring child poverty](#) was launched in late 2012, which closed for submissions on 15 February 2013. The summary of the submissions received to this consultation is clear that the overwhelming majority of respondents backed the relative poverty measure.

The government has not announced any further consultation on measurement. There is currently a consultation on the government's child poverty *strategy*, as per the requirements of [section 9 of the Child Poverty Act](#). This consultation does not include any questions specific to measurement of child poverty.

“...a better way to work out what actually it means and qualifies a child and a family to be in poverty, rather than just as we have this income measure...”

There is not ‘just’ an income measure. There are four measures – or a better term is ‘indicators’ – in the Child Poverty Act. These are:

- 1) Relative low income (below 60% median household income)
- 2) Absolute low income (below 60% median household income help constant at baseline year)
- 3) Persistent poverty (3 years or longer living below 60% median household income)
- 4) Material deprivation (from a survey of what families can afford who are below 70% median household income)

Although primarily focussed on income, they are not exclusively focussed on income because of the inclusion of material deprivation, which focuses on access to essential goods, services and social inclusion. Nobody believes that any one indicator is sufficient and, although for reporting purposes the ‘relative low income’ indicator has become the main ‘headline indicator’, we always encourage both politicians and journalists to give attention to the full set of indicators and statutory targets.

“...this income measure which is now very discredited.”

Rather than the indicators in the Child Poverty Act, it was the government's proposal for a ‘single, multi-dimensional indicator’ that was discredited in the course of the 2012/13 consultation. In particular, it was the responses of academic experts and statistical experts that are widely understood to have been responsible for the government dropping the idea, and for the long delay following the closure of the consultation period before the government reported back. The Royal Statistical Society in their [response to the consultation](#) pointed out that using a relative measure conforms to an internationally recognised standard and that: *“the current definition(s) of poverty according to income are the product of valid social science procedure.”* They also said of the government's alternative proposals: *“the consultation document conflates causes, symptoms, things associated with poverty, and things which do not seem to be related to poverty in any major way.”*

Iain Duncan Smith himself has in the past been very supportive of the importance of a relative income measure of poverty. In the foreword to *The State of the Nation Report: Economic Dependency* published by the Conservative Party's Social Justice Policy Group in 2006, he said: *“All forms of poverty – absolute and relative - must be dealt with. Unless all parts of society are connected, then we risk social dislocation and exclusion for millions of people.”*

“60% means you’re in poverty, 61% means you’re not in poverty. You know, ‘one pound makes a difference’.”

Whatever your favoured method of measuring poverty, you have to draw the line somewhere, and the government’s own proposals for a ‘single, multi-dimensional indicator’ would have been just as prone to this. The ‘poverty plus a pound’ allegation, which suggests that all that was achieved by the child poverty reduction strategy of the previous government was the moving of a tranche of households with children from just below the 60% median income line to just above it, has been thoroughly discredited by [analysis by the Institute for Fiscal Studies](#). They say:

“Child poverty would have fallen over the period [from 1998 to 2009] if the relative poverty line had been anything from 43% up to 100% of the median household income; and the precise reduction in child poverty over the period would have been very similar for all poverty lines between 55% and 75% of the median (the poverty line that would have maximised the reduction in child poverty between 1998–99 and 2008–09 is in fact 65% of median income). Thus, there is not striking evidence that policymakers have been focusing efforts on a narrow set of children just below their chosen poverty line.”

Furthermore, the material deprivation indicator can capture household below 70% of median income, so the indicators in the Act will still capture households on 61% of median income where the survey shows that material deprivation is an issue.

“Now the reality is we want to know what keeps people in more persistent poverty. In other words what holds a family down so that their trajectory is not out of poverty, but because of a lack of qualifications, a lack of skills perhaps, you know the parents are drug addicted, in debt.”

Knowing what keeps people in persistent poverty is a matter of research and analysis, rather than a matter of measurement. It is right to want to know about persistent poverty and to measure it. However, there is already a persistent poverty indicator in the Child Poverty Act, whereas anyone listening would most likely have taken the impression from Iain Duncan Smith that there was not.

In [a recent article by Iain Duncan Smith and George Osborne](#) for the Guardian, they state that ‘governments have not collected proper data on the number of children being raised by drug or alcohol addicted parents’; but they still continue to make unfounded claims on drug addiction as one of the main causes of child poverty. What evidence we have suggests that, compared with the numbers living in poverty, the scale of these problems is small. One estimate [suggests](#) that just 2.7% of all couples with children (not just those living in poverty) include an alcohol dependent parent, and just 0.9% include a drug dependent parent.

“The last government found that they spent £175 billion pounds in tax credits alone chasing a poverty target which they failed to meet.”

The £175 billion figure is not an annual figure, but is a total for a number of years. Not all of this was new spending as tax credits were the successor to Family Credit payments under the last

Conservative government, on which billions were also spent each year. It is misleading to total up the figure in this way without explaining how many years it relates to; and it is also misleading not to indicate how much of this was new investment on top of previous spending on Family Credit.

Although the government failed to meet the interim target for 2010, it still made substantial progress towards it. The reduction achieved under the relative low income indicator was about two-thirds that required by the target. If the same average annual rate of reduction under the relative low income indicator were to continue, then the 10% target would not be met in 2020/21; however it would be achieved in 2022/23. By contrast, the IFS have projected that the current government’s policies will result in increases of child poverty, rather than reductions, and a child poverty rate on the relative low income indicator of 24% in 2020/21, rather than the target of 10%. We cannot even project a later end point when 10% is reached because we are moving on the wrong direction completely.

“Since I’ve been in power, we’ve seen child poverty fall by 300,000.”

The time series for official figures (DWP) for children in household in relative low income in the relevant period is:

2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
2.9 million	2.9 million	2.8 million	2.6 million	2.3 million	2.3 million

The fall of 300,000 between 2009/10 and 2010/11 has to be largely attributed to legacy policies of the Labour government, including above index increases to child tax credit. However, it should also be noted that absolute child poverty, which is also a target under the Child Poverty Act, increased by 300,000 children between 2010/11 and 2011/12.

“Actually upper incomes fell, so the idea of an absolute relative income measure doesn’t make any sense. It means when you’re in recession you meet child poverty targets, so in other words somehow people are less poor, when the economy is growing the become poorer.”

Upper incomes falling – those above the median – do not actually change the median. It would change the *average*, but the *median* is the typical income in the middle of the spectrum. Median incomes did actually fall, but a key factor behind reductions to the relative low income indicator during, and immediately after, the downturn was political choice: the previous administration had prioritised protecting the incomes of the poorest families. This was done for both social reasons (to protect children) and economic reasons (fiscal stimulus). By contrast, the IFS believe that subsequent political decisions by the Coalition – e.g. to freeze child benefit and cap the uprating of basic support through social security and tax credits – will increase child poverty however you measure it. So what matters is not simply what happens to earnings in a recession, but the political choices made to respond to consequences.

Instead of showing that the targets in the Child Poverty Act make no sense, it shows the good sense of using a basket of four indicators that each have targets, rather than a single indicator. In a recession, the poorest must be the main priority for protection as they have the least capacity to

absorb shocks to their household finances. The fact that the relative low income indicator fell tells us that social policy was somewhat effective and well-targeted in this regard. But the fact that the absolute indicator has recently risen also warns us against complacency and reminds us that each indicator alone is not the full story; it alerts us to the growing problems low income families are facing.

The goal of ending child poverty is a goal for both good times and bad times; and of course the different indicators will reveal different things in different economic circumstances. It is a goal that includes an understanding that not only absolute poverty, but also relative poverty brings with it major problems. Progress must be made on each, just as Iain Duncan Smith argued himself back in 2006.

Full text of interview with the Rt Hon Iain Duncan Smith on BBC Radio 4's Today Programme, 26 March 2014

ED: You voted for a sort of Labour government equivalent of the cap at the end of the last parliament. You voted for a target on child poverty to eradicate it by 2020. Are you going to eradicate it by 2020? Are you on course to eradicate it by 2020? Are you adopting policies that will eradicate it by 2020? Because no one thinks you are going to.

IDS: Well I believe that we will, and I believe the long-term strategy, which, you know, part of the long-term economic strategy that we are doing, is actually going to bring child poverty down. I mean, as you know...

ED: On the old definitions, or are you expecting to change the definitions that will allow you to meet the last government's child poverty target that you supported at the time.

IDS: As you know, we conducted a series of consultations, and we're still doing this, about whether there is a better way to work out what actually it means and qualifies a child and a family to be in poverty, rather than just as we have this income measure which is now very discredited. 60% means you're in poverty, 61% means you're not in poverty. You know one pound makes a difference. Now the reality is we want to know what keeps people in more persistent poverty. In other words what holds a family down so that their trajectory is not out of poverty, but because of a lack of qualifications, a lack of skills perhaps, you know the parents are drug addicted, in debt – we need to figure out where we place our money so that those families actually can be helped out of poverty and that's what this consultation's about.

[EH: ...would you... eradicate... eradicate...]

And I believe therefore we will reduce child poverty in line with our commitments. That's exactly what we want to do, I believe we will and the policies we put forward will actually do it.

ED: So frustrating. Would you do it under the definitions that were voted at the time of the child poverty target being set.

IDS: That's exactly what we've pledged to do, but I want to..

ED: But you're not on target to do that.

IDS: We I believe we will

ED: So you'll change the goal posts right?

IDS: No, no, no, it's not, this is very cynical, we're not changing the goal posts. What we want to do, and this is a consultation with all of the poverty specialists around the country we're conducting with the Liberal Democrats, about what is a better way to measure this, because the last government found that they spent £175 billion pounds in tax credits alone chasing a poverty target which they failed to meet. Since I've been in power, we've seen child poverty fall by 300,000. I am not claiming that that is directly because of what we've done. I am saying it's because the economy crashed, that actually upper incomes fell, so the idea of an absolute relative income measure doesn't make any sense. It means when you're in recession you meet child poverty targets, so in other words somehow people are less poor, when the economy is growing the become poorer. That doesn't make any sense at all. So what I'm trying to do with lots of people in the area is to figure out whether there is a better way that allows you to measure this. And what I want to say about the vote today Evan, which is very, very important, when they vote – Labour vote today – I think there's a bit of a scam going on, because what they're trying to persuade their won backbenchers is 'don't worry, we won't implement this as it stands' – Rachel Reeves said they would do it differently. They have to tell us whether they would make savings to cover getting rid of the spare room subsidy. That is the key.