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Lessons from Britain's War on Poverty

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In 1964 US President Lyndon Johnson declared war on poverty ...

“This administration, today, here and now, declares unconditional war on poverty in America.

It will not be a short or easy struggle, no single weapon or strategy will suffice, but we shall not rest until that war is won.”

Lyndon Johnson, First State of the Union Address,
January 8, 1964, <http://www.lbjlib.utexas.edu>;

<http://www.npr.org/templates/story/story.php?storyId=1589660>

35 years later, British Prime Minister Tony Blair declared his own war on poverty ...

“Our historic aim will be for ours to be the first generation to end child poverty. It is a 20-year mission. But I believe it can be done.”

Tony Blair, Beveridge Lecture, March 18, 1999

http://news.bbc.co.uk/2/hi/uk_news/politics/298934.stm

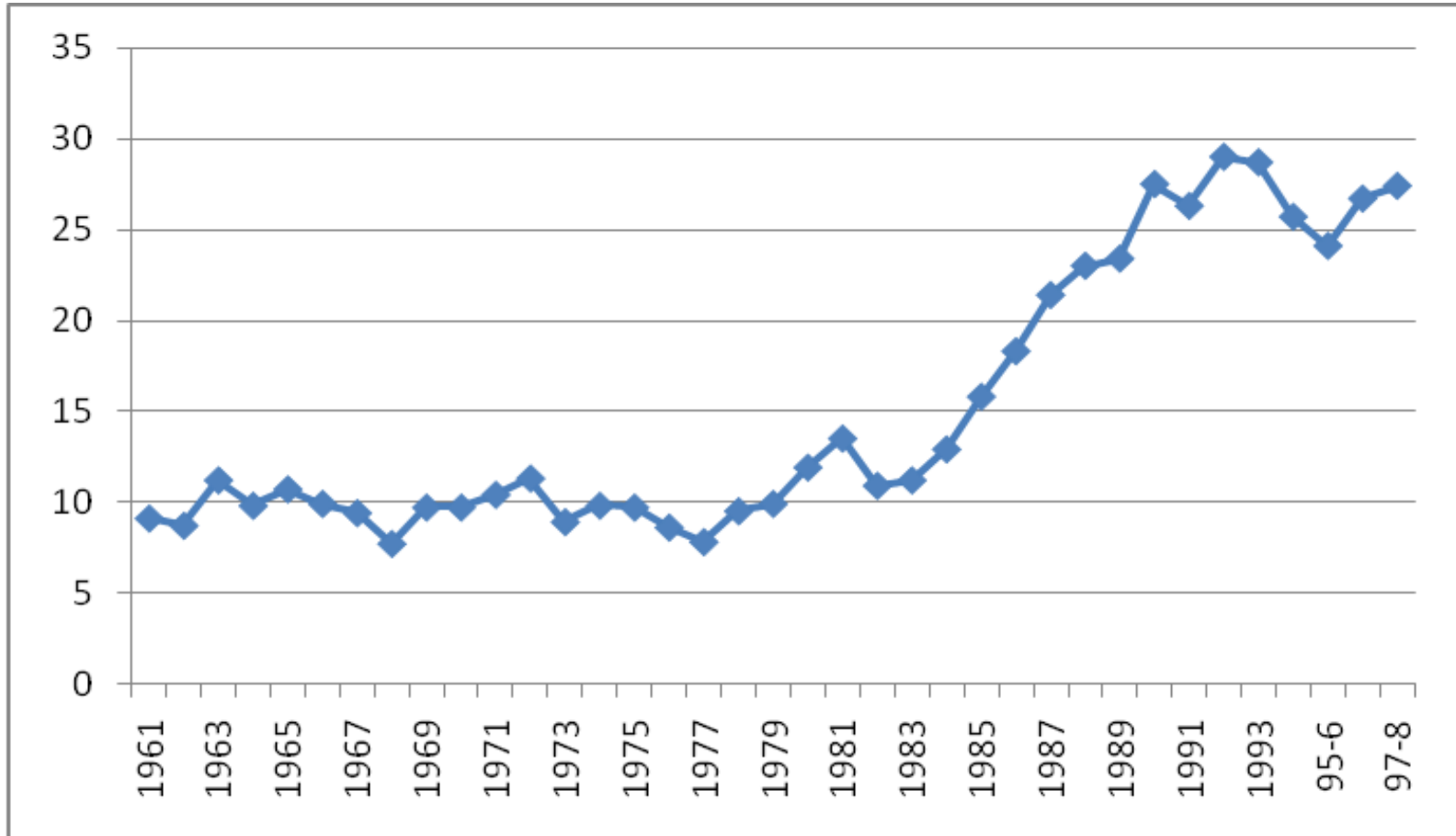
In today's talk, I will briefly discuss:

- Where did this pledge come from?
- What did the British government do?
- What were the results?
- What's happened since?
- What are lessons for other countries?

I. Where did the pledge come from?

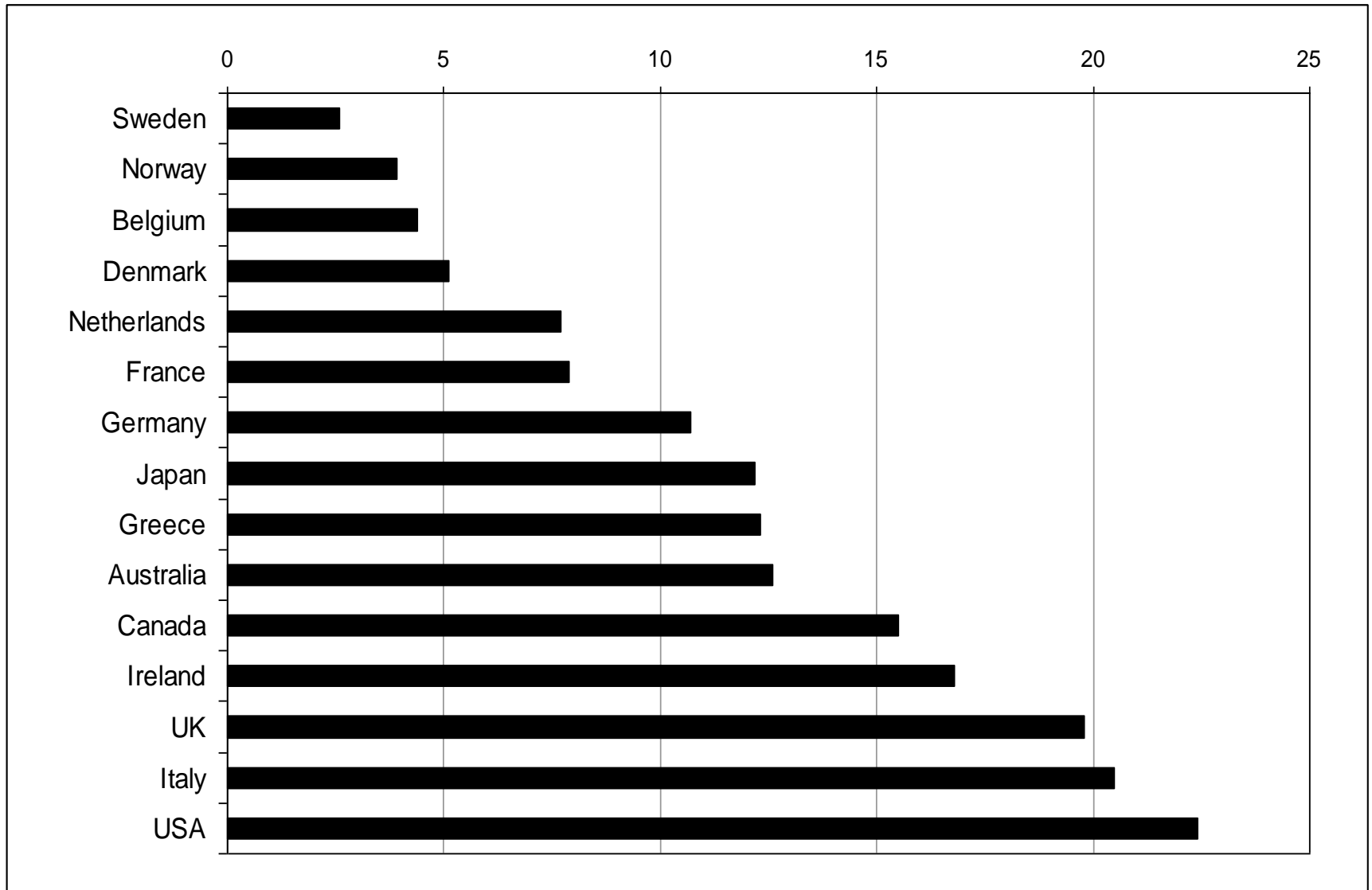
- When Tony Blair and the Labour party came into office in May 1997 there was mounting concern about child poverty and inequality

Figure 1 – Percent of children in relative poverty had risen steeply [%]



Data from IFS, 2009. Relative poverty defined as income below 50% of average income, before housing costs.

Figure 2: Child poverty in Britain was higher than in other countries [% with incomes <half median income]



Source: UNICEF (2000), data for mid-1990s.

Support for the pledge

- Blair's pledge to end child poverty found widespread public support
- It was also strongly supported by then Chancellor (and later Prime Minister) Gordon Brown, who committed real resources and set specific targets:
 - Reducing poverty by half in 10 years
 - Ending child poverty in 20 years

II. What did the government do?

- The anti-poverty strategy had 3 parts:
 - 1) Promoting work and making work pay
 - 2) Raising incomes for families with children
 - 3) Investing in children

1) Promoting work and making work pay

- Welfare to work programs (New Deals)
- Measures to make work pay:
 - National minimum wage
 - Working Families Tax Credit
 - Reduced payroll taxes for low-income workers
- But unlike in US, lone parents were not required to work (until very recently)

2) Raising incomes for families with children

- Significant real increases in:
 - Child Benefit
 - Welfare grants for children under 10
- New Child Tax Credit for low-income families
- New Child Trust Funds

3) Investing in children

- Paid maternity leave extended from 4 ½ to 9 months
- Two weeks paid paternity leave
- Higher maternity grants for low-income families
- Right to request PT/flexible hours
- Universal preschool for 3- and 4-year olds
- Preschool for disadvantaged 2-year olds
- Sure Start for poorest areas, later Children's Centers
- Reductions in primary school class sizes
- Literacy hour and numeracy hour
- Increased education spending (from 4.5% to 5.6% GDP)
- Extended schools
- Educational Maintenance Allowances
- Proposed raising school-leaving age from 16 to 18

“One percent for the kids”

- Together, these anti-poverty initiatives amounted to a sizable increase in spending on children.
- By 2002-03, government spent an additional £9 billion/yr (\$14.5 billion/yr) -- 1% of GDP (Hills, 2003).
- By April 2010, families with children were £2000/yr (\$3200) better off; families in bottom quintile were £4500/yr (\$7200) better off.

III. What were the results?

- When Blair declared war on poverty in 1999,
 - 3.4 million children were in poverty (relative or absolute)
 - 2.6 million were materially deprived
- By 2008/09,
 - Absolute poverty fell by 1.8 million – >50% reduction.
 - Relative poverty fell by 600,000 – 15% reduction.
 - Material deprivation fell by 400,000 – 15% reduction.

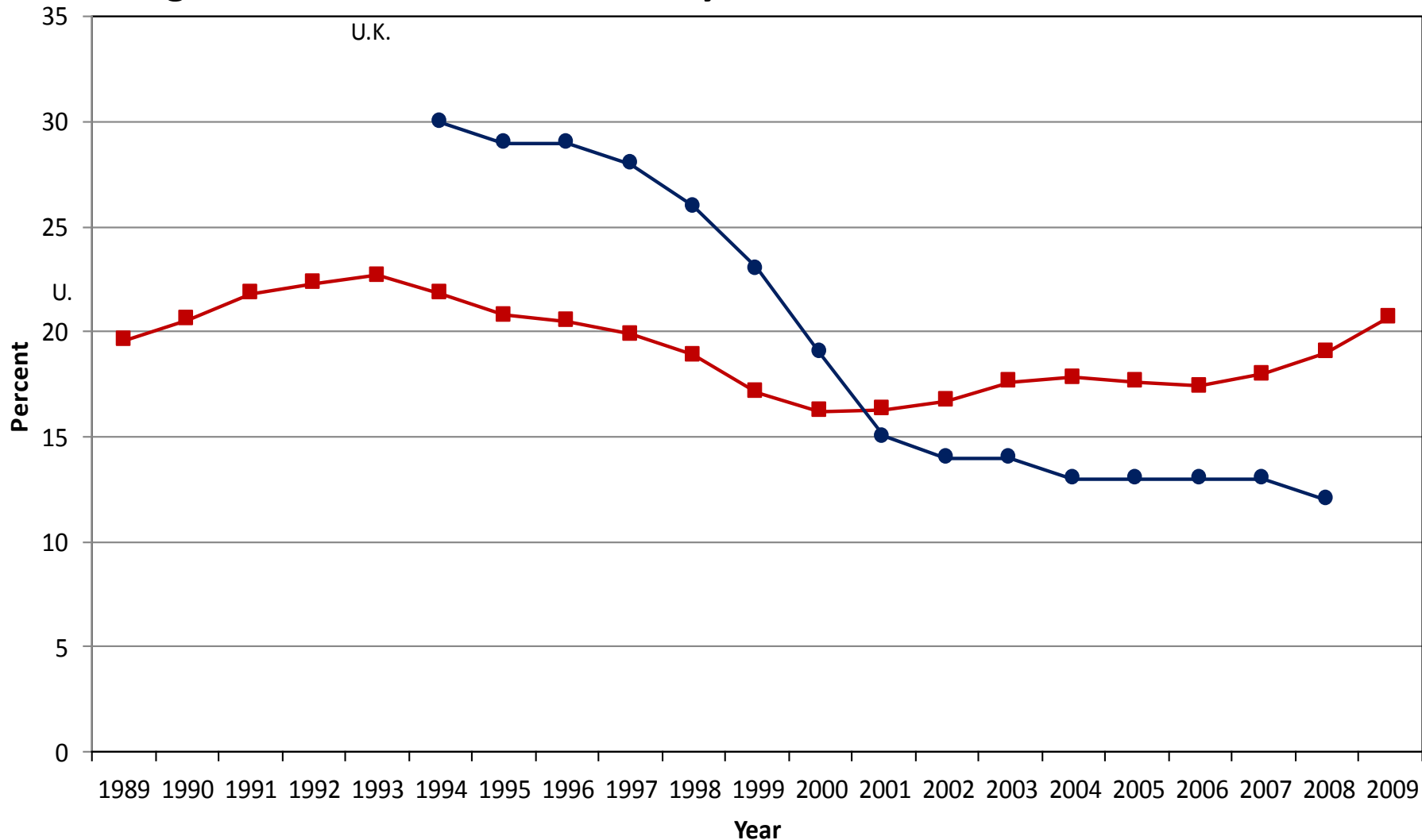
Note:

Absolute poverty is income <60% median in 1998/99, uprated only for inflation.

Relative poverty is income <60% contemporary median.

Material deprivation combines an index of lacking basic necessities & having low income.

Figure 1: Absolute Child Poverty in the US & Britain. 1989–2009



■ U.S.: Percent all persons under 18 years below official US Poverty Line, 1989-2009 (about 35 percent of median income in 2000)
● U.K.: Percent of U.K. children below the absolute poverty threshold, 1989-2008 (about 60 percent of median income in 1998-99)

Table 1: Reforms led to dramatic reductions in financial stress & material deprivation among lone mothers

	1999	2002	2005	2006
% with financial stress:				
Worry about money almost always	45	30	27	29
Always run out of money	27	19	19	18
Problems with debt almost all the time	15	12	14	<i>na</i>
% who can not afford:				
Going away for one week holiday	74	58	53	53
Having company over for a meal	34	20	18	16
Celebrating special occasions	27	14	11	10
Toys and sports gear for children	24	12	7	7
Best outfit for children	20	13	10	<i>na</i>
Fresh fruit most days	17	8	6	<i>na</i>

Source: Stewart, 2008

Reforms also led to improved child well-being

- Families with young children increased spending on items for children, decreased spending on alcohol and tobacco.
- Sure Start led to improvements in 7 of 14 outcomes assessed (2 parenting, 2 child health, and 3 child behavior).
- Adolescents in lone-parent families had improved mental health, school attendance, and school intentions.

Table 2: Improvements in well-being of young people in Britain, relative to other OECD countries

	2000-01		2005-06		Change
	Score & Rank	Score & Rank	Score & Rank	Score & Rank	in Rank
Eat fruit every day	27%	18/21	43%	3/21	(15)
Like school a lot	20%	16/21	37%	4/21	(12)
Peers kind & helpful	47%	20/21	72%	10/21	(10)
Condom last time	70%	11/14	82%	5/14	(6)
Ever used cannabis	40%	19/20	25%	15/20	(4)
Overweight	15%	17/22	13%	14/22	(3)
Cigarettes once/wk	13%	16/21	8%	13/21	(3)
3+ fights in last year	14%	16/21	14%	13/21	(3)
>middle satisfaction	84%	16/21	85%	13/21	(3)
Health fair or poor	23%	20/20	19%	18/20	(2)
Breakfast every day	56%	16/21	64%	15/21	(1)
Had sexual	37%	16/16	29%	15/16	(1)
Bullied 2+ past mos.	10%	12/21	10%	12/21	(0)
Drunk 2+ times	30%	21/21	24%	21/21	(0)

Source: Stewart, 2008, Table 13.5.

IV. What's happened since?

- Tony Blair and Gordon Brown not only achieved a dramatic reduction in child poverty -- they also put child poverty on the national agenda in a lasting way.
- Prior to 2010 election, all three parties endorsed the commitment to end child poverty (Child Poverty Bill).
- The Conservative Prime Minister, David Cameron, elected in 2010, reiterated his commitment to ending child poverty.
- But Cameron also pledged deep budget cuts.
- These goals were clearly incompatible.

The compromise

- The Conservative government made deep cuts:
 - End to Child Trust Funds, baby tax credit, infant/toddler tax credit, health in pregnancy grant, Sure Start maternity grant (after 1st child)
 - Freezing of Child Benefit (for 3 years), elimination of CB for high-income families, and reduction in CTC for middle/high-income families
 - Uprating of benefits w/CPI instead of RPI, increased conditionality, cuts in housing benefits and unemployment benefit, move to Universal Credit
 - Cuts in local and other public services
- But these cuts were offset by an increase in CTC so “these policies will not increase measured child poverty.” (George Osborne, June 2010 emergency budget & October CSR)
- Universal childcare for 3 & 4 year olds, Sure Start, childcare for disadvantaged 2 year olds have been protected

V. Lessons for other countries

- After two decades of rising inequality, Labour came into office committed to reducing child poverty, and with public support for that goal
- There are many lessons re: policies, process, and politics.
- But the most important lesson is that it is possible to make a sizable reduction in child poverty, and that it is not necessary to identify all the details of the policy in advance
- If we think that there is nothing government can do to reduce child poverty, the British example clearly provides strong evidence to the contrary

V. Lessons: Policies

1) Promoting work & making work pay

- Raise minimum wage and update annually for inflation
- Explore ways to ease access to tax credits (regular payments, claiming without tax preparation fees)

2) Strengthening the safety net

- Make federal child tax credit fully refundable
- Explore ways to target additional benefits to youngest children

3) Investing in children

- Expand work-family policies (paid parental leave, right to request, universal preK for 3 & 4 year olds, expanded programs for infants and toddlers)
- Explore education reforms (literacy/numeracy hours, inspection)

V. Lessons: Process

1) It is not necessary to work out all the details of an anti-poverty strategy in advance.

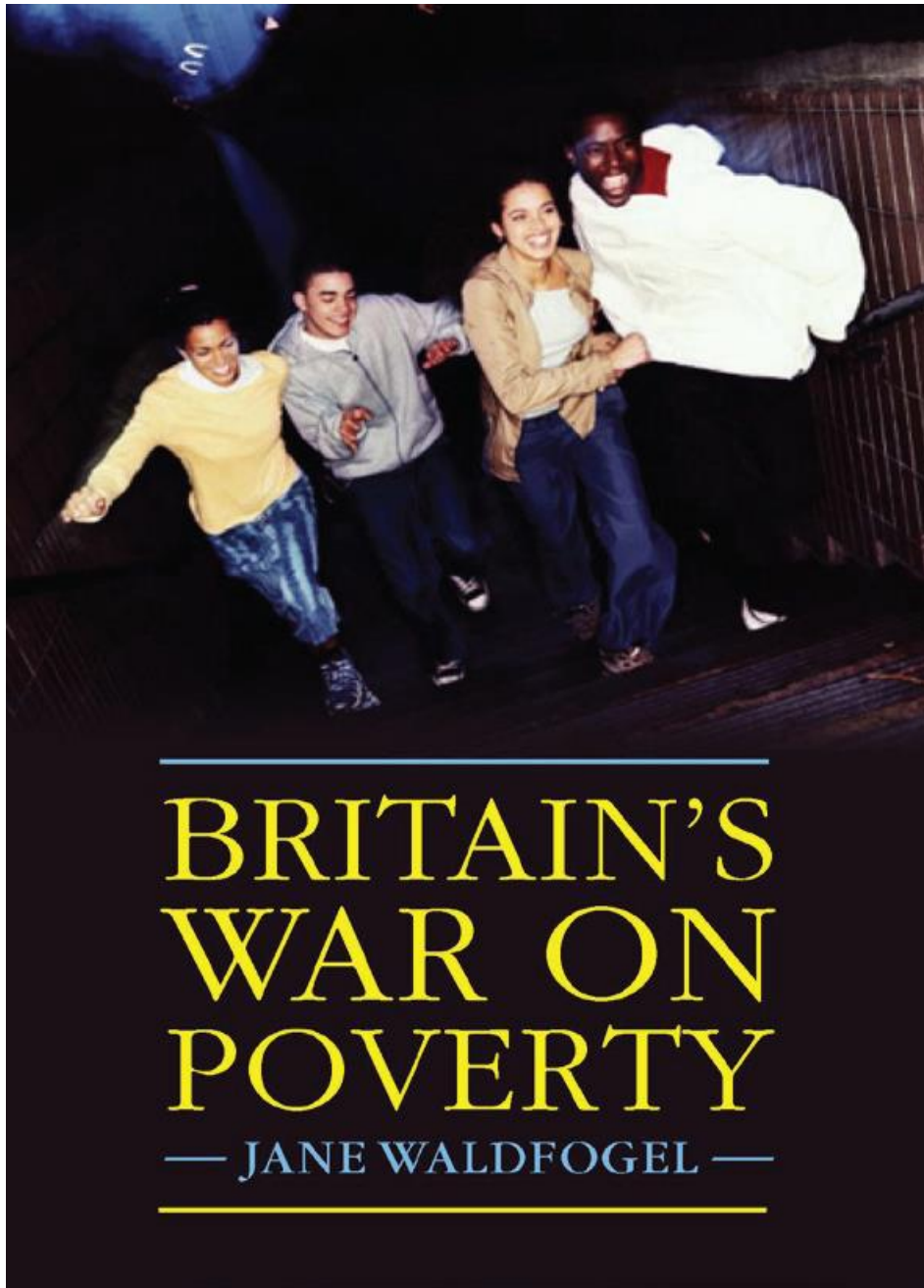
- Stating a goal and setting targets can mobilize government and drive policy development.

2) Having appropriate and up-to-date measure(s) of poverty is critical.

- Britain uses three measures, all of which provided essential information about the progress of the reforms.
- Improving measurement is particularly important in the US context.
- Steps in this direction are underway with the Census Bureau releasing a supplemental poverty measure in September 2011.

V. Lessons: Politics

- Reformers must carefully nurture public support, making the case for tackling child poverty, framing the issue in a way that elicits support, and publicizing their actions and successes.
- This might mean framing the issue in terms of investing in children or promoting opportunity, as well as tackling poverty.



For more information, see:

Jane Waldfogel,
Britain's War on Poverty,
NY: Russell Sage Foundation, 2010

<http://www.russellsage.org/publications/britains-war-poverty>

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