

# **Congressional Briefing**

## **Tackling Child Poverty & Improving Child Well-Being: Lessons from Britain**

**Jane Waldfogel**

**Columbia University & London School of Economics**

**December 7, 2010**

Paper prepared for First Focus and supported by a grant from the  
Foundation for Child Development to First Focus.

## 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>

## Britain's war on poverty

- In March 1999, Prime Minister Tony Blair declared war on poverty: “Our historic aim will be for ours to be the first generation to end child poverty.”
- Over the subsequent decade, he and Gordon Brown carried out an ambitious anti-poverty campaign and made remarkable progress, cutting child poverty by more than half if measured in absolute terms as we do in the US.
- The reduction in child poverty continued even into the recession, while child poverty in the US was rising to its highest level in 20 years (see *Foundation for Child Development Child and Youth Well-Being Reports*).

## My paper for First Focus asks three questions:

- What did Britain do?
- What's next for their anti-poverty initiative?
- And, what lessons can the US learn from their experience?

# I. What did Britain 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 including:
  - 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 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 was spending an additional £9 billion/year – an extra 1% of GDP (Hills, 2003).
- By April 2010, families with children were £2000/year (\$3,200) better off; families in bottom quintile were £4500/year (\$7,500) better off.

## 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 – a >50% reduction.
  - Relative poverty fell by 600,000 – a 15% reduction.
  - Material deprivation fell by 400,000 – a 15% reduction.

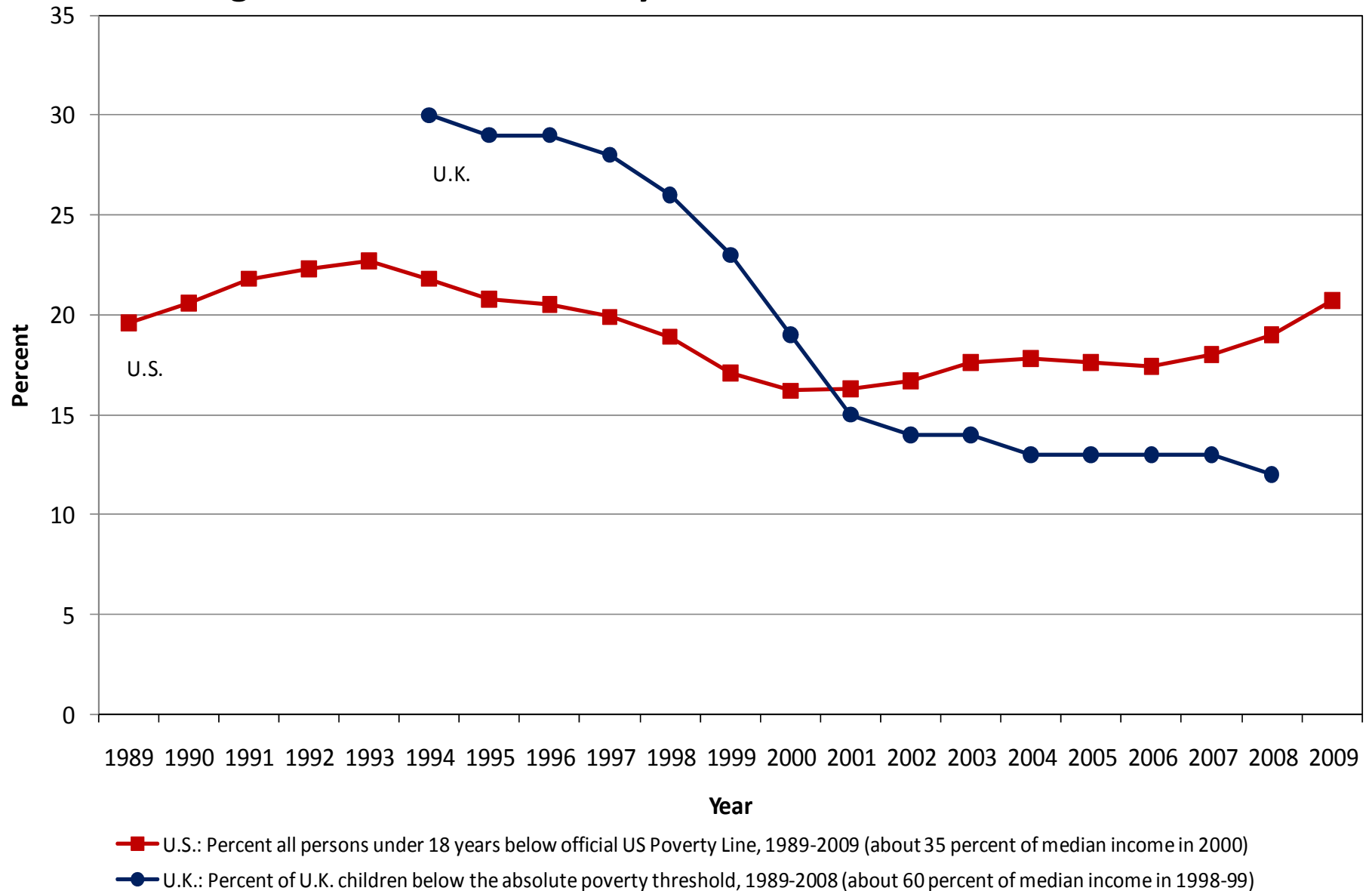
### Note:

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 Poverty in the U.S. & U.K. 1989–2009



Source: U.S. Census Bureau (2010); U.K. Department of Work and Pensions (2010); HBAI, 81.

Smeeding & Waldfogel, 2010

## 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.

## II. What's next for Britain?

- 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 the election, all three parties endorsed the commitment to end child poverty (Child Poverty Bill).
- Since coming into office, Cameron has reiterated his commitment to the goal of ending child poverty.
- But Cameron has also pledged deep budget cuts.
- These goals are clearly incompatible.

## The compromise

- The government has announced deep cuts:
  - End to Child Trust Funds, baby tax credit, infant/toddler tax credit, health in pregnancy grant, Sure Start maternity grant (after 1<sup>st</sup> 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, and increased conditionality, cuts in housing benefits and unemployment benefit
  - Cuts in local and other public services
- But these cuts will be offset by an increase in CTC so that “these policies will not increase measured child poverty.” (George Osborne, June emergency budget & October CSR)
- No cuts in funding for universal childcare for 3 and 4 year olds, Sure Start, or childcare for disadvantaged 2 year olds.
- The government may invest in further early childhood programs (poverty review by Labour MP Frank Field).

### III. Implications for US anti-poverty policy

- The most important implication is that it is possible to make a sizable reduction in child poverty.
- If we think that there is nothing government can do to reduce child poverty – defined in American terms – the British example clearly provides strong evidence to the contrary.

# Lessons about specific policy reforms

- Promoting work & making work pay
  - Raise minimum wage and update annually for inflation
  - Explore ways to ease access to EITC (regular payments, claiming without tax preparation fees)
- Strengthening the safety net
  - Make federal child tax credit fully refundable
  - Explore ways to target additional benefits to youngest children
- 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)



## Lessons about the process of reform

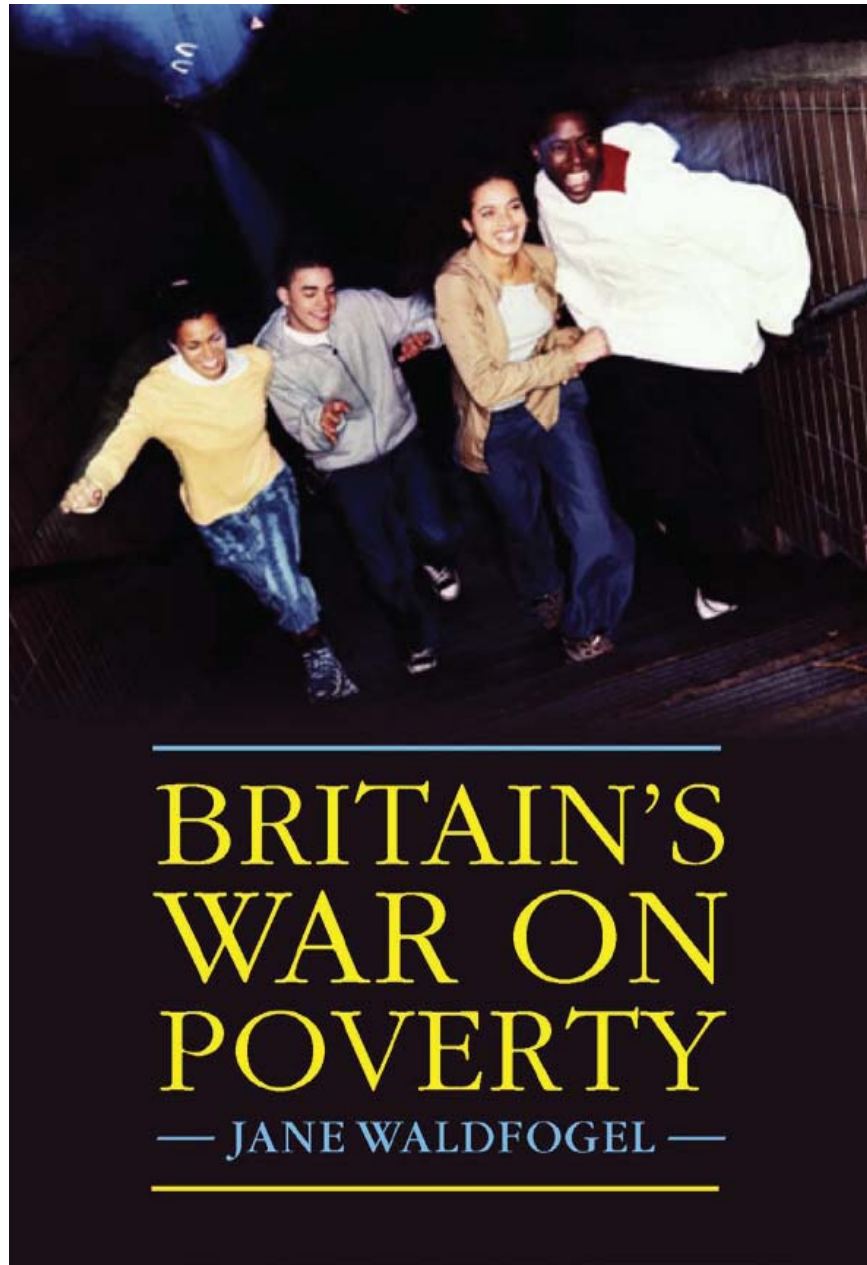
- One clear lesson is that it is not necessary to work out all the details of an anti-poverty strategy in advance.
- Stating a goal and setting targets can mobilize government and drive policy development.
- Another clear lesson is that having an appropriate and up-to-date measure of poverty is critical.
- This is particularly important in the US context.
- Steps in this direction are now underway with the MAP Act (sponsored by Representative McDermott) and plans for the Census Bureau to release a supplemental poverty measure starting in September 2011.

## Lessons about politics

- The British case offers a cautionary tale.
- Fearful of losing middle-class support, the government did not publicize many of the anti-poverty reforms.
- As a result, these reforms were little known and the government did not get much credit for them.
- The British experience suggests 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.
- In the US context, this might mean framing the issue in terms of investing in children or promoting opportunity.

## Concluding thoughts

- Strained public finances raise serious questions about the ability of both Britain and the US to fund expanded anti-poverty programs.
- The politics are also challenging, with conservative parties now wielding considerable influence in both countries.
- But the downturn in the economy also means that anti-poverty programs are particularly important, both as a safety net and as a stimulus for the economy.
- These challenges make it all the more urgent for governments to spend money wisely, and provide all the more reason for the US to learn from Britain's war on 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>