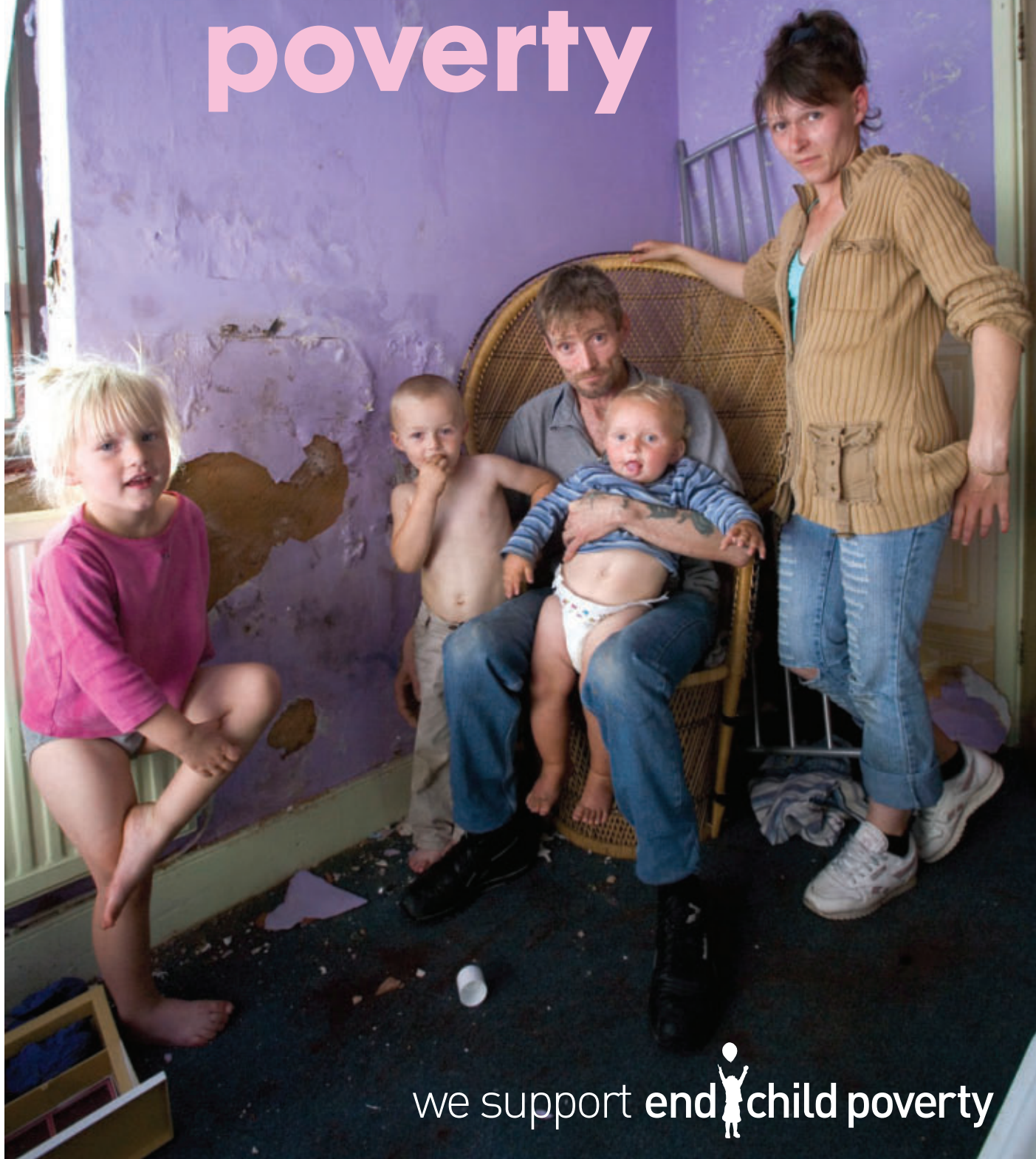





# cutting the costs of **child poverty**



we support **end**  **child poverty**

## Foreword

In the 1980s greed was good – and flaunted – while poverty was the fault of the poor. Middle income earners admired the wealthy, and believed that any efforts to tackle the wealth gap would cost them hard.

The language and attitudes are different today. Society is less callous. Government deserves real praise for quietly lifting the incomes of many of the working poor, and ending the mass unemployment that caused much of the most obvious poverty of the 1980s.

But inequality has not gone away. Indeed the most striking feature of the new century has been the inexorable rise of the super-rich. City bonuses and sky-high boardroom pay hikes have produced a new elite that floats free from the rest of society.

Now middle income Britain, as much as the low and no paid, are paying the price. House prices have followed the incomes of the super-rich, not those of everyone else. Interest rates, at least partially, have risen at times to quell city bonus-driven exuberance. Inequality threatens social cohesion, with inevitable costs in crime and anti-social behaviour. The international evidence is clear. More equal societies can not only share their prosperity fairly, but create more in the first place.

But there has been little debate about growing inequality. Labour, in policies driven through by Gordon Brown as Chancellor, has made a real impact on poverty, particularly the working poor. Its pledge to end child poverty is audacious, and perhaps the most progressive pledge made in a generation. But, perhaps because of bad memories about the years when its policies were seen as both anti-business and putting a cap on the aspirations of middle income earners, it has seemed nervous of talking of inequality.

And of course those who have benefitted the most can afford the best spin-doctors. We are told that even to talk about the divide between the super-rich and the rest of us will lead to economic collapse as they all leave the country or stop working as their incentives decline.

But like all the best spin, this is an unconvincing and over-elaborate superstructure based on a

kernel of truth. The UK does benefit from a strong financial services sector and an open economy, but the conditions for its success are far more complex than providing the loopholes that mean tax is for the little people. Just look at the way the private equity sector became reconciled to making a fairer tax contribution once their obscure loopholes were rumbled.

You cannot stop the world and get off by ignoring globalisation and the powerful forces it unleashes. But the task for progressive politics remains the same, if in a new context. How best can we develop modern ways of ensuring that the wealth undoubtedly created is shared fairly? How can we stop the powerful forces for change hitting individuals and destroying social cohesion?

There is no magic bullet or overnight fix. It may well take a generation long commitment to put right. But to recognise the difficulties, should not be to give up. Nor should we be afraid of calling the bluff of those who say the whole edifice of economic success will fall with a more ambitious politics of redistribution. That is what they have always said.

This is why the TUC is mounting a major campaign to cut the costs of inequality. Over the coming months we will be looking at how we can make the UK both an economic success and a fairer society. We start in this report by looking at how best to meet Labour's pledge to end child poverty.

And as we make clear, society should do this not just because it is morally right, but because of the costs it imposes on the rest of us. We estimate that the cost of continuing child poverty works out at around £600 per head, and that the costs of reducing it can easily be met by closing some of the loopholes that mean the new super-rich fail to make a fair tax contribution.

Other European countries manage strong economies without child poverty and its associated economic and social costs. With some political determination, and public support that unions can help to build, so can the UK.

**Brendan Barber**  
**TUC General Secretary**





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## Child poverty is real

Sometimes it can be hard to persuade people that modern Britain really does have a child poverty problem.

Many people see poverty as a problem of two 'foreign countries' – the past and the developing world. Some others think that children are only poor when their parents are irresponsible.<sup>1</sup>

They are wrong. In Britain today too many parents have to witness their children go without things other families take for granted:

- One third of a million children do not have celebrations on special occasions because their parents cannot afford them.
- More than four hundred thousand children do not go on school trips because their parents cannot afford them.
- Nearly two thirds of a million children cannot have friends round for tea once a fortnight because their parents cannot afford it.
- Well over a million parents cannot afford enough bedrooms to make sure that girls and boys aged over 10 do not have to share.<sup>2</sup>

Throughout Britain, hundreds of thousands of parents are striving against the odds to shelter their children from the impacts of the family's poverty.

## Struggling to protect children

The deprivation poor children face would probably be even more common if it were not for the fact that thousands of parents push themselves into hardship in an attempt to shelter their children from the worst impacts of poverty. When parents are coping with poverty they usually do everything they can to stop their children being affected, but sometimes it just can't be done. Even when mothers and fathers think they have succeeded in keeping their poverty to themselves, often they are being shielded by their own children, pretending they have not noticed.

***“What’s with the people who don’t provide their kids with coats etc? Are those parents drinking, smoking it away? Where do they spend their money?”<sup>3</sup>***

Cynics will tell you that poor parents are selfish and stupid, that if they had more money they would just spend it on themselves. This is an old libel against the poor, and research shows that it is simply untrue. When the Government brought in tax credits and raised Child Benefit the higher incomes translated into less hardship for the families as a whole and better living standards for the children in particular. Low-income families still have less to spend on their children than other families, but now they spend more on children's shoes and clothing, books, fruit and vegetables and holidays.<sup>4</sup>

Most parents coping with poverty are disciplined and devoted, not stupid and selfish. But they are beaten by overwhelming odds – their children never have a fair chance.

## **What child poverty does to people**

Suffering poverty in childhood affects your health, education, employment, income and housing for the rest of your life.<sup>5</sup>

### **Before birth**

Even before conception poverty can deal a bad hand. Women who were poorly nourished when they became pregnant are more likely to have low birth weight babies and low birth weight babies are more likely to die in infancy and more likely to have learning disabilities. Later on, they are more likely to have poor educational results and behavioural problems in school.

Even if they are well-nourished before conception, parents who work in routine and manual jobs are more likely to have low birth weight babies than those working in professional and managerial occupations. Poverty itself is stressful, and the children of women who are stressed during pregnancy are more likely to have emotional and behavioural problems in infancy.

Poor people often live in poor neighbourhoods. Bad housing and a substandard physical environment are health risks for pregnant mothers and their babies. Poor neighbourhoods commonly have poorer maternity services than better-off areas, and this can be a particular problem for black and minority ethnic women, who are three times more likely to die in childbirth than white women.

### **Infancy**

Breastfeeding for the first six months after birth is closely linked to good health in childhood, but mothers on low incomes are half as likely to maintain breastfeeding beyond six weeks as mothers on higher incomes – this in turn is likely to reflect forces that make it more difficult for women on low incomes to initiate or continue breastfeeding.

Poor nutrition and accommodation are linked to childhood health problems including asthma and other respiratory diseases, diarrhoea and vomiting, developmental problems, skin conditions, immune system problems, depression and stress.

The stress and depression associated with poverty can reduce parents' reserves of energy and resilience, and this can have an impact on parenting – especially if poverty is experienced over a long time. Poverty can have an impact on relationships and can be linked to domestic conflict, which can trigger biological stress responses in children, which have long-term health effects.

This is a vital time. Pre-school development can determine the outcomes of the rest of your life. By the time they start school, class inequalities in children's achievement have already been established; poor children who were ahead when they were two years old are already being overtaken by middle class children.

### **School years**

During school years, that gap widens. In 2002, more than three quarters of the children of 'higher professional' parents achieved five or more good GCSEs, compared with just under a third of the children of parents classified as 'routine manual'.

Better off parents can effectively buy better education for their children one way or another. Poor parents are not only excluded from this, they can often find it difficult to match the parental involvement in children's education that is nowadays often seen as an element of "good parenting". Attending meetings at school, for instance, can mean that parents have to pay for childcare and transport, and may only be practical if their jobs allow for the sort of flexibility that many middle income earners take for granted.



***“All my presents are home made or came from small ad, jumble sales and car boot sales.”<sup>6</sup>***

Children in families with low incomes are less likely to have a healthy balanced diet. Children in substandard accommodation are likely to have worse health, and thus a worse record of absence from school, and may have difficulty studying at home. Cramped accommodation, worries about debt and the other stresses of poverty often cause conflict between parents and teenagers, and this is another factor that is linked to lower school attainment.

Some problems are self-reinforcing – parents who did badly at school and now have to cope with poverty may have difficulty helping their children with homework. Parents with a negative experience of education may be less willing to discuss concerns with their children’s teachers.

For any parent, one of the saddest messages from academic research into poverty is the effect on how children grow up to think and feel about themselves. Teenagers who grew up in poverty are more likely to feel that they are ‘failures’ or that they are ‘useless’, and to say that they do not want to become parents themselves.<sup>7</sup>

### **Post school**

Leaving education without moving into further education, employment or training is linked strongly to later involvement in crime, early pregnancy, continuing unemployment and substance abuse. Young people from manual social class groups are much more likely to be in this position than those from non-manual groups. Most young people from families classified as ‘no work/unclassified’ are not in education, employment or training when they are 16.

Ending this cycle of injustice and deprivation will obviously make a difference to poor parents and their children. Ending child poverty will make the world a better place for the rest of us as well.



## Child poverty and economic success

Ending child poverty also offers huge potential economic gains. Children are the workers of the future, and children who grow up in poverty are going to be less productive workers. They will tend to have worse health, which will mean that their working lives will be shorter and they will have more and longer absences during their economically active years.

They will tend to have fewer skills and qualifications, so they will be less able to get the most out of developments in technology and new work processes. If they fail to update their skills they will be more likely to leave the workforce early and face poverty from their late middle age. To compete in a globalised world, as government rightly reminds us, we need a highly skilled and adaptable workforce. Child poverty hinders this, and is just one more reason why tackling inequality must be part of the response to globalisation, not accepted as its inexorable consequence.

The government says that more than a fifth of all children are poor. This is a huge fraction of the future workforce. Their likely underachievement is a real opportunity cost for the economy.

## Accounting for child poverty

In addition child poverty has direct costs – the social services poor families are more likely to rely upon, the benefits they are more likely to need, the extra health care costs and the costs of crime and anti-social behaviour. (This is not to use poverty as an excuse for unacceptable behaviour, but simply to say that we would have less of it if we had less poverty.)

People who were poor teenagers in the 1980s were, by the time they reached their thirties, nearly twice as likely to be poor as their classmates who had not been poor. This is a problem that is getting worse: people who were poor teenagers in the 1980s were twice as likely to go on to be poor thirty-somethings as people who were poor teenagers in the 1970s.<sup>8</sup>

The impacts of poverty at each stage of a child's development are very easily transmitted to

***“I tell my daughter I’m on a diet to go without meals so I can put money aside for Christmas.”<sup>9</sup>***

succeeding generations. Children living in poverty often grow up to be parents living in poverty, and so on. This means that child poverty is not a one-off cost: failing to lift a child out of poverty now increases the likelihood that, later on, we will have to pay the costs of their children's poverty.

Someone who has been poor as a child is 12 per cent more likely than the average to be a poor adult. This means that the cost of one million children growing up in poverty is not just the cost of their poverty now, but of 120,000 of their children later – “a policy that does not end child poverty but merely treats its symptoms by paying sub-poverty line benefits and dealing with other consequences will become more expensive generation by generation. Over six generations, other things being equal, these costs will double.”<sup>10</sup>

Donald Hirsch, quoted above, has quantified the annual “costs of not ending child poverty”, which, of course, are also the savings we could make if we did end it:

- local authority social services for children – **£3 billion**
- preventing and responding to homelessness for families with children – over **£500 million**
- schooling for children with special educational needs – up to **£3.6 billion**
- free school dinners – about **£300 million**
- extra spending on primary healthcare for deprived children – about **£500 million**.

The costs of lost tax revenues and extra benefit spending are hard to calculate with precision, but almost certainly they are massive. Hirsch quotes a study estimating the cost over ten years of a single generation of 16–18 year olds not in education, employment and training at more than £10 billion.<sup>11</sup>

In the USA, a major new report<sup>12</sup> has carefully estimated some of the costs of childhood poverty for wider society. The authors' calculations for the impacts on the US economy, which are deliberately





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conservative, add up to four per cent of GDP. They use a range of rigorous studies to quantify three factors:

### ● 1. Reduced productivity and economic output

Poor children are more likely than non-poor children to have low earnings and low skills when they become adults, thus leading the wider economy to underachieve. They estimate the costs of this as 1.3 per cent of GDP.

### ● 2. More crime

Of course most poor people are not criminals, and most poor children will not grow up to be criminals, but it is definitely the case that a poor deprived childhood is a clear risk factor for subsequent criminal behaviour. They estimate the costs of the extra crime caused by childhood poverty as a further 1.3 per cent of GDP.

### ● 3. The costs of poor health

Poor children have less healthy lives. This causes costs to the healthcare and benefit system and to the wider economy through less productive working lives. They estimate the costs of this as 1.2 per cent of GDP.

economy to produce an estimate of the costs of child poverty in this country, given the conservative nature of their assumptions and that they do not cover all the possible wider costs of child poverty in their work. These figures are a mix of actual costs (such as the extra health care required) and opportunity costs (such as the extra wealth that would be created by a more highly skilled and healthier workforce).

The TUC therefore estimates that the costs of child poverty in the UK from reduced productivity and economic output are £13 billion a year, the raised costs of crime are £13 billion and the costs of poorer health are £12 billion.

This works out at £40 billion, or £640 a head, or more than £2,500 a year for a couple with two children.

While our two countries are not identical, it is possible to apply the same model to the UK

## Will child poverty always be with us?

Apologists for inequality say that there is nothing we can do about child poverty. Some commentators claim that Britain has always been a country with high levels of poverty, while others say that it is an inevitable part of modern life.

Both these claims are, quite simply, wrong. Historically, this country has not always had the same amount of child poverty. Between 1979 and 1997 child poverty doubled from one in six to one in three. Since 1997 it has started a slow fall. The survey used to measure child poverty was changed in the 1990s, and we now use figures for Great Britain, rather than the United Kingdom, but there is still enough of a similarity between the two surveys for us to combine the figures to show the pattern of change over time:

### Proportion of children in poverty since 1979<sup>13</sup>

Year	Level of child poverty FES (UK)	Year	Level of child poverty FRS (GB)
1979	15%		
1981	22%		
1987	27%		
1988/89	28%		
1990/91	32%		
1991/92	33%		
1992/93	34%		
1993/95	34%		
1994/96	34%	1994/95	33%
		1995/96	33%
1995/97	36%	1996/97	34%
		1997/98	33%
		1998/99	34%
		1999/00	33%
		2000/01	31%
		2001/02	31%
		2002/03	30%
		2003/04	29%
		2004/05	28%
		2005/06	30%



Perhaps the best rebuttal of the claim that child poverty is inevitable is to look at other countries. The next table uses European definitions, so the level of child poverty is different from the table above, but the clear message is that other countries seem to manage the modern world without our level of child poverty:

### Child poverty in Europe, 2005<sup>14</sup>

Country	Proportion of children in poverty
Sweden	9%
Denmark	10%
Finland	10%
France	14%
Germany	14%
Austria	15%
Netherlands	15%
Belgium	19%
United Kingdom	21%

### The Government's success story

One of the Government's best-known commitments is to ending child poverty. In 1999 the Prime Minister pledged to end child poverty within a generation and made that promise credible by giving it a timescale, and a number of milestones: child poverty should be reduced by a quarter by 2005, halved by 2010 and eliminated by 2020.

In 2003, after consulting stakeholders, the Government announced how child poverty would be measured, indicating a clear determination to be held to account on this issue.<sup>15</sup> The measurement takes a tiered approach, so that we can tell whether poor families are seeing their income rise in real terms and whether deprivation is becoming less common, but the key indicator for the 2005 and 2010 milestones is relative low income – the number of children living in families with an income below 60 per cent of the median.<sup>16</sup>

The Government has a lot of which they can be proud. Spending on 'child-contingent support' increased by a half between 1999 and 2004.<sup>17</sup> Since 1999, Child Benefit has been increased in real terms and tax credits provide much more

***“Ma friend cannae afford the blazer. He just has the school jumpers, but they don’t have them any more. And our assistant head always stops him because he’s got different jumpers on and he cannae tell him that he cannae afford it ...”<sup>18</sup>***

generous support than the social security benefits they replaced. By April 2009 a family with children in the poorest fifth of the income distribution will be £4,000 better off as a result of these measures. In April 2008 families with three children earning below £15,500 will receive more than £9,000 a year in tax credits and Child Benefit.<sup>19</sup>

The Government has not only raised the income of poor families; since 1997 there has been substantial redistribution. A recent analysis by the Institute for Fiscal Studies showed that tax and benefit reforms since 1997 have clearly benefited the poorest at the expense of those with higher incomes:

### Impact of tax and benefit changes 1997–2007<sup>20</sup>

Decile	Change in net income
1 (Poorest)	+ 12.4%
2	+ 11.8%
3	+ 7.3%
4	+ 4.3%
5	+ 1.5%
6	- 0.1%
7	- 1.2%
8	- 2.4%
9	- 3.5%
10 (Richest)	- 5.4%

If we look at the Government's main indicator, there has also been substantial progress:

### Progress on the child poverty target<sup>21</sup>

Year	Number of children (millions)	Proportion
1998/99	3.4	26%
1999/00	3.4	26%
2000/01	3.1	23%
2001/02	3.0	23%
2002/03	2.9	23%
2003/04	2.9	22%
2004/05	2.7	21%
2005/06	2.8	22%

The Government's indicator is measured before housing costs. We think that it is more accurate to measure poverty after taking into account families' housing costs and benefits, and on that basis there are 3.8 million poor children. But that indicator still shows much the same degree of progress, with the number of children falling from 4.4 million in 1998/9, a fall of four percentage points.

Under the current government, the number and proportion of children living in relative poverty has come down by 600,000 and 4 percentage points. But there is still a long way to go.

### Still work to be done

Using the government's definition of poverty there are 2.8 million children living in poverty. This number is actually slightly higher than the 2004/5 figure of 2.7 million, and that was higher than the 2005 target of reducing the level by a quarter from the 1998/9 level. The 2010/11 target is to halve the number of children in poverty – no more than 1.7 million children should be in poverty three and a half years from now. The fall of 1.1 million this requires can be put in perspective by remembering that the fall over the last seven years has been around 600,000; we need twice as much progress in half as much time.

Budget 2007 announced an increase in 2008 of the child element of the Child Tax Credit by £150 more

than would be produced by indexation. The Treasury's prediction that this increase (and other Budget measures) would take 200,000 children out of poverty<sup>22</sup> has been supported by the Institute for Fiscal Studies.<sup>23</sup> But this will still leave about one million children needing to be lifted out of poverty if the 2010 target is to be hit.

The government's strategy emphasises employment as the key to child poverty. The Treasury's Child Poverty Review and the DWP's *Working for Children* include redistribution – increases in tax credits and benefits, paid for out of taxation – as part of the armoury available for this battle, but the emphasis in both documents is overwhelmingly on reducing child poverty by increasing the number of parents in employment. The big question is whether this strategy is up to the job.

The first question mark against it is that people can have a paid job but still be poor. Although the Government is right to focus on workless families (just 8 per cent of children in families where all the adults have a job are poor, compared to 60 per cent in workless families)<sup>24</sup> a majority of poor children actually live in households where someone has a paid job:

### Distribution of children in poverty by economic status of household, UK<sup>25</sup>

Economic status	Proportion of poor children
All adults in work	21%
At least one in work, but not all	34%
Workless households	45%
<b>Total</b>	<b>100%</b>

There is still some way to go before in-work poverty is a thing of the past. Improvements in the minimum wage and raised skills levels will help, but it is unlikely that these would be enough by themselves. Investment in skills and training is in any case a long-term strategy, and it is unlikely to lift large numbers of families out of poverty by 2010.

A second problem with the focus on paid work is that it will not reach everyone. The Government has an aspiration of raising the employment rate





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from 74 per cent to 80 per cent,<sup>26</sup> which unions enthusiastically support, but it is unlikely to be achieved by 2010. Furthermore even if realised, it will still leave 20 per cent of working age people not in employment, many of them parents. The government has said that it plans to achieve the 80 per cent employment rate by reducing the numbers on incapacity benefits by 1 million and by increasing the number of lone parents in employment by 300,000.<sup>27</sup>

Even if these ambitious goals are achieved that would still leave more than 1.6 million people receiving incapacity benefits and 475,000 lone parents on benefits. The lone parents by definition have dependent children, and 59 per cent of those in receipt of incapacity benefits do as well. There are also about 300,000 carers receiving benefits and at least 145,000 people receiving Jobseeker's Allowance who have dependent children.<sup>28</sup>

Even if we discount the carers, and assume that the Government succeeds in finding jobs for every unemployed parent, a successful jobs-based anti-poverty strategy will still leave about 1.4 million children in poverty.

## The way ahead

The TUC has argued for 10 years that the work-based strategy is not enough by itself, and this view is shared by a growing number of commentators. The DWP itself has published a study of the policies needed to end child poverty, which detailed very useful and important measures that would help more parents to enter employment, but added:

***“Such changes will not be sufficient on their own to enable the Government to reach its child poverty targets. The Government will need to provide adequate financial support for families as well as help to support parents into work.”<sup>29</sup>***

Using a computer model, researchers at the Institute for Fiscal Studies and the Institute for Economic and Social Research have concluded that keeping to the current policies with no extra support would lead to reductions in the numbers of children in poverty of just 50,000 by 2010 and 260,000 by 2020.<sup>30</sup> The researchers concluded that:

***“Under present tax and benefit policies, child poverty in 2010/11 will be little different from its current level, with beneficial demographic and economic changes offset by the fact that the income from tax***

***credits and benefits received by low-income families with children will not keep pace with growth in earned income.***<sup>31</sup>

In 2006, the Joseph Rowntree Foundation calculated that spending an extra £4.3 bn on the Child Tax Credit would give the Government a 50:50 chance of hitting the 2010 target.<sup>32</sup> Taking into account the improvements announced in the 2007 Budget, the Institute for Fiscal Studies calculates that that figure can now be cut to £4 billion.<sup>33</sup>

## **What needs doing**

The Government will miss its 2010 target unless it implements the kind of policies we have set out here. If £4 billion for child poverty is not set aside in either the 2008 or 2009 Budgets, then it seems likely that a once-in-a-generation chance to end child poverty will have been missed.

There is undoubted support and enthusiasm among ministers for tackling child poverty. It is an ambitious and progressive target. But there is also a, perhaps understandable, nervousness about whether the public are prepared to pay the cost, especially when for all the genuine achievement and policy innovation, new Labour has never made the drive to end child poverty a key part of its appeal or record of achievement.

MPs regularly report that the beneficiaries of tax credits recognise the difference they make, but think that they are just an inevitable part of the tax system. They neither see that they are a new and distinct policy, nor that they have this government to thank for them.

Of course unions and other supporters of progressive politics need to keep up the pressure on government for action. But we also have a responsibility to build public support so that further action to beat child poverty is electorally popular, and becomes as part of political common sense as the minimum wage.

This report is part of a campaign to shape a new debate. We need to persuade government and voters of its core arguments, and others that the TUC will develop as part of our new campaign:

***“In the long-term I hope to be able to be off the dole, be a qualified hairdresser, be able to support my children, be able to save for emergencies and be able to take the children away on a family break together for a few days. I want to be able to enjoy being with the children and playing with them. Not to be always worrying about the bills and about where we are going to get the money for that week’s food.”***

**Sally, quoted in *It Doesn’t Happen Here*, Neera Sharma, Barnardo’s, 2007.**

- that inequality is not a condition for economic success, but imposes costs on middle and low income families and holds back wealth creation
- that excessive inequality is not inevitable
- that action to tackle child poverty is a crucial part of tackling inequality
- that the costs do not require a general increase in tax rates, but can be paid for by closing the loopholes exploited by the super-rich.

This is both a key challenge and a rare opportunity – but unions cannot do this by themselves. This is why trade unions have agreed to work through the End Child Poverty coalition, which brings together children’s charities, campaigning organisations and unions to press for an end to child poverty, once and for all. Over the next two years we will work with End Child Poverty to spread the message that child poverty can be beaten, and to press the Government for the action needed to beat it.





## Notes

1 This was what the Fabian Society's Commission on Life Chances and Child Poverty found in 2005, when it commissioned MORI to run a 'deliberative workshop' where, for a whole day, members of the public were presented with information and arguments about child poverty. See *Narrowing the Gap*, Fabian Society, 2006.

2 *Households Below Average Income (HBAI) 1994/95-2005/06*, DWP, 2007, Chapter 4. Numbers are calculated from percentages given in table 4.7. The Family Resources Survey asks parents and guardians about whether they have a number of items and services. Some people say they do not want an item or service, or that it does not apply in their case; we have not included them in these figures, our figures only cover those who say they want them but cannot afford them. Some people in all income groups say they cannot afford an item or service (though poorer parents are far more likely to say this); our figures are only for those in the bottom 40% of the income distribution who say this, in other words, we have limited our figures to those who will be excluded by their low incomes.

3 Participant in deliberative research workshop, quoted in *Life Chances: What does the public really think about poverty?*, Fabian Commission on Life Chances and Child Poverty, 2005, s2.2.

4 *Expenditure Patterns Post-Welfare Reform in the UK: are low-income families starting to catch up?*, Paul Gregg, Jane Waldfogel and Elizabeth Washbrook, CASEpaper 99, 2005.

5 *Narrowing the Gap*, Fabian Society, 2006, section 2.

6 *Banishing Scrooge*, Family Welfare Association, 2002.

7 *Outcomes for Children of Poverty*, John Ermisch, Marco Francesconi and David J. Pevalin, ISER for DWP, Research Report 158, 2001.

8 *The Persistence of Poverty Across Generations*, J Blanden and S Gibbons, 2006, quoted in *The Cost of Not Ending Child Poverty*, Donald Hirsch, JRF, 2006, p21.

9 *Banishing Scrooge*, Family Welfare Association, 2002.

10 *The Cost of Not Ending Child Poverty*, Donald Hirsch, JRF, 2006, pp21–2.

11 *The Cost of Not Ending Child Poverty*, Donald Hirsch, JRF, 2006, pp3 & 19.

12 *The Economic Costs of Poverty in the United States: subsequent effects of children growing up poor*, Harry Holzer, Diane Whitmore Schanzenback, Greg Duncan and Jens Ludwig, Centre for American Progress, 2007, p 1. UK GDP in 2006 was a little over £1 trillion, calculated on a gross value added basis, chained volume measure. (Quarterly National Accounts, ONS, 28 March 2007, table A2).

13 *Households Below Average Income (HBAI) 1994/95–2005/06*, DWP, 2007, table H2. Family Expenditure Survey 1979–1995/7, Family Resources Survey 1994/5–2005/6. Like the Government, we define poverty as living in a family with an income below 60% of the equivalised median. The Government measures poverty on a before housing costs basis, but we have here followed End Child Poverty in using an after housing costs definition.

14 Eurostat data, downloaded from <http://epp.eurostat.ec.europa.eu/> on 30/07/2007 13:06. Children are under 18.

15 *Measuring Child Poverty*, DWP, 2003.

16 The median is the point in the income distribution where half of all families have a higher income and half have a lower income. The median is measured on an equivalised basis, and before housing costs and benefits are taken into account. Equivalisation means that the figures are adjusted to take account of the size and composition of families – an income that is enough for a family with one child may well leave a larger family still in poverty, for instance. The figures are measured before housing costs and benefits are taken into account, because this is the measurement used for international



comparisons, but this has the disadvantage of missing out the fact that many poor families' benefits do not cover their housing costs.

**17** *Supporting Families: the financial costs and benefits of children since 1975*, Stuart Adam and Mike Brewer, IFS for JRF, 2004.

**18** "Deep Impact", John McKendrick, *Zero2Nineteen*, 2004, issue 2, p16.

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