**CHILDREN OF AUSTERITY**

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Thanks to the UNICEF Office for Research a book has been published tracing what happened to children in rich countries following the financial crisis:

**Cantillon, B, Chzhen, Y, Handa, S. and B Nolan (2017) *Children of Austerity: Impact of the Great Recession on Child Poverty in Rich Countries*. Oxford: OUP.**

It is published on 13 April 2017. Chapter Nine is a review by Bradshaw, J. Chzhen, Y. and Main, G. (2017) of the impact of the recession on children in the UK.

The chapter was inevitably written some time ago. While the conclusion of the chapter still holds this BLOG updates some of the data.

The deep recession of 2008–09 did not translate into a rise in child poverty rates. Relative child poverty, based on 60 per cent of contemporary national median income (BHC), continued falling between 2007 and 2013. This is in part the result of median incomes—and therefore the poverty thresholds—falling during this period. However, it also shows that the fiscal stimulus in place at that time cushioned the impact of the economic crisis on households with children. Now in the last two year for which we have data the relative child poverty rate has begun to rise both before and (see Figure 2) after housing costs.

Anchoring the poverty line at 2010/11 and inflating it with retail price growth helps compare like with like by holding the poverty threshold constant in real terms. Anchored child poverty fell between 2007 and 2010 (see Figure 1), rose and fell again between 2011 and 2014 and then flat-lined.

**Figure 1: Child poverty rate <60% contemporary median and < 60% anchored 2010/11 median before housing costs**

Source: <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201516>

**Figure 2: Child Poverty rates <60% contemporary median before and after housing costs**

Source: <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201516>

The main reasons for this increase in child poverty have been and will continue to be the cuts in in-work benefits. In particular

* The freezing of the level of most working age benefits until 2020.
* The limits of child tax credits and universal credits to two children only and the many cuts that have undermined universal credit.
* Cuts in support for housing costs, particularly the bedroom tax and local rent limits.

This has to be set against an improvement in employment such that 67% of children in poverty in the UK now have parent in employment. The introduction of the national living wage though welcome will not mitigate the cuts in benefits for families with children. As universal credit replaces tax credits it will further reduce the incomes of families with children – especially low income families.

By the mid-1980s the UK had one of the highest child poverty rates in all rich countries. After 1997 it managed to reduce child poverty using employment policies but particularly cash benefits. When the crisis struck in 2008 the Labour government responded with policies designed to protect families with children. But the Coalition after 2010 adopted austerity measures which especially harmed families with children. Now the Conservative Government since 2015 is reinforcing these measures with a further £12 billion cuts in working age benefit.

The 2010 Child Poverty Act targets have been abandoned and we are no longer on course to achieve any of them (see Figure 3). The UK is set to slide down the international league table. Now the [Institute for Fiscal Studies](https://www.ifs.org.uk/publications/8957) expects relative child poverty to increase from 18.8% in 2014/15 to 26.6% in 2021/22 before housing costs and from 29.0% to 35.7% after housing costs.

**Figure 3: Child Poverty Act 2010 targets. Dotted lines trend needed to meet targets.**

Source: <https://www.gov.uk/government/statistics/households-below-average-income-199495-to-201516>