

INEQUALITIES

The fragile society

Lyn Brown

The coronavirus crisis has intensified the inequalities in our already fragile and unequal society. Labour must address these problems, through supporting universalist and poverty-reducing policies in the face of an increasing rhetoric of deserving and undeserving poor and soaring unemployment.

Everyday life today, for so many of us, is desperately fragile. Poverty, inequality and insecurity have always had profound consequences for people's health; this was the case before the coronavirus crisis, and it is even more true now. The risk factors for Covid-19 include diabetes and other chronic health conditions that disproportionately affect the poor, like COPD and asthma (both of which are linked to smoking, air pollution and unsafe working conditions), and conditions associated with disabilities.

Equally important is the deep class inequality between key workers who have to go in to work and those who can work from home with their income unaffected and no extra risk of becoming infected with this deadly virus. Shamefully, we can expect the distribution of the death toll along class, race, and disability lines to mirror existing social injustices. Initial analysis from the Office for National Statistics has already shown huge health inequalities between the most and least deprived areas, and some reports suggest that it is deprived and diverse constituencies like mine in Newham where the age-adjusted death rate has been highest.¹ When this is all over, there will be abundant evidence that fewer people would have died, and the burden of risk would have been far more fairly spread, if our society wasn't so appallingly unequal.

We, in Labour, should highlight these appalling facts in the public debate, and work to ensure that our common life is never made so fragile again. This will require reforming broken labour markets, mending our welfare system, reducing runaway living costs and restructuring our society.

Reforming the labour market

Before the coronavirus crisis began, almost 77 per cent of us were in work, but often not in work that can be depended on to pay the bills. Three-quarters of children in poverty live with at least one parent in work. 3.7 million of us are living off unreliable pay, including more than 700,000 workers on zero hours contracts, and 1.8 million self-employed workers who earn less than the legal minimum wage for each hour they work. Labour is the party to change this.

Our advocacy for increased employment rights and for re-unionisation across our economy has been strong and will remain so. But if we are going to renew our mission as the party of workers, we have to do more than campaign for increases in rights; we have to face the changed and changing world of work head on.

Much of the rise in self-employment is bogus – designed by exploitative companies to further their avoidance of taxes and regulations, and founded on the coercion of workers who have been rendered powerless to resist it. It should remain our aim to use regulation, in combination with industrial strategy, to end bogus self-employment. Fundamentally changing the employment relationship will be the only way to end insecurity and fragility in these cases.

It is equally important to create policies that enable in-work progression for employees as well as the self-employed – and to focus strongly on addressing the needs of the least well-off in the labour market, who have appallingly few opportunities for training and learning. The Resolution Foundation has found that only one in six employees who were in low pay in 2006 had moved out of low paid work a decade later.² The work of the Institute for Employment Rights, the Learning and Work Institute, and others provides a good basis from which to continue working for greater power, and more workplace opportunities, for employees.

Not all of the changes working their way through our economy are necessarily malign, however, and increasing numbers of Labour voters want us to better engage with these. We need to find clear ways of talking about the forms of self-employment that deserve support as part of our Labour mission, and to identify representative groups with whom we can work to develop new ways of protecting workers' rights, including through new labour market enforcement mechanisms. These groups should inform our thinking about tax and social security; there can be little doubt that the current settlement for the self-employed is totally inadequate

from a socialist perspective. And we also need to think about ways that collective bargaining and labour market enforcement measures can be established to create better pay and conditions for self-employed people. Traditional models of workplace-by-workplace representation clearly cannot function well for the self-employed, and even sectoral models might have to be designed very carefully, and with the self-employed in mind, in order to represent their interests fairly. An increase in recruitment by traditional unions across workplaces and the creation of union-business sectoral institutions are essential, but they are only the start.

As unemployment rises, it becomes more likely the Tories will backtrack on their stated goal of a minimum wage set at two-thirds of the median by 2024. We must hold them to account on this; but we must also go further and continue to make the case for a *real* statutory living wage, based on the cost of a decent and dignified life.³ This is the foundation stone of a fairer economy.

Mending social security

At the same time, we need to recognise that even the establishment of a real living wage will not be enough to end poverty. The real living wage could be enough, by design, to give security to a single worker who needs to pay only for themselves, and is able to access full-time work. But not every worker has access to the hours needed to pay the bills (hence the call for ‘living hours’). And if workers have dependent children or other caring responsibilities, and/or if they have extra unavoidable costs because of disability or because they live in a high-cost area, and/or if they are the only earner in a household, even a real living wage would leave many families in a fragile situation.

I believe we, in Labour, must find ways to make the case for raising the levels of benefits to ensure that they give real social security; and we must continually expose the cruellest and most self-defeating aspects of the Tory welfare settlement.

This means arguing against the appallingly low level of the Carer’s Allowance, and the way that Universal Credit is structured to make work pay much better for the first earner in a household (who is usually a man) than for the second earner (who is usually a woman).

It also means rejecting policies which selectively deny support to some families based on the argument that they are ‘undeserving’. This is the underlying message of the benefit cap, which since 2013 has denied those with the highest bills the equal protection they deserve from the social security system. Basic costs of living differ massively across the country, and the apparent Tory assumption that families living in poverty can simply break their ties with family and community and move to an area with lower living costs has been proven wrong. Many remain where they are,

and endure poverty in the places – and with the support networks around them – that they know. The equally cruel two-child limit and the bedroom tax are similarly moralistic, Victorian-style policies, and Labour must continue to oppose these restrictions and illustrate the harms they cause.

Fixing the housing crisis

Fragility also results from the high cost of the essentials that every family requires to live. Most importantly, this means rents, which have become an unbearable burden for the poorest in our cities, an utterly exploitative mechanism for redistribution from the poor to the rich, and a cage for younger generations who aren't lucky enough to have family wealth.

The calculated and vicious running down of our stock of social homes over the past forty years has benefitted those with the wealth and the luck to be able to buy at the right time, and given many people new sources of unearned income and capital gains. Meanwhile, it has massively increased housing costs for those without wealth, or born too late to take advantage of rising asset prices.

Housing costs alone push three million people below the poverty line in the UK today; low-earning households face housing bills that are 50 per cent higher than they were twenty years ago. I believe we have a strong message that the Tory home-ownership agenda simply doesn't touch this problem, because none of their products are actually affordable for those on low incomes or without existing wealth. We should continue to focus overwhelmingly on the promise to invest massively in social housing as the central way to transform the lives and futures of the millions unable to afford decent homes. This investment also makes financial sense for our country at a time when the costs of housing benefit look set to continue to rocket upwards – as does the level (and thus cost) of homelessness.

It is largely because the housing sector has been handed over to 'market' forces for so many decades, with homes accordingly becoming so horrifyingly unaffordable, that large numbers of people are today living in overcrowded, unsafe, or simply inappropriate homes. There can be no doubt that for those of us who live in very close proximity to each other, and who have little access to movement and green space, it is much harder to keep safe during the coronavirus lockdown. Over half of overcrowded homes nationally have a BAME 'head' – and, based on my own constituency casework, I would be very much surprised if this wasn't linked to the disproportionate rates of Covid-19 infection and death for BAME people in the UK pandemic.

Tackling the costs of childcare

A further source of poverty and fragility for families is the high cost of childcare. The inability to access reliable, flexible, high-quality and affordable childcare prevents huge numbers of people, mostly women, from working, taking on more hours, or progressing in their jobs. And for all parents living on low in-work incomes it is a huge expense. Moreover, the present system of tax-based subsidies, benefit-based subsidies and free hours is labyrinthine, hard to understand and inflexible. There is evidence that this limits the take-up of support, especially for low-income families, and this in turn means that the daunting costs involved are likely to be significantly increasing in-work poverty. At the same time, the level of support that the government offers to childcare providers – which themselves vary widely, and exist within a sector that is fragmented and scattered – leaves many of them financially unsustainable, and unable to offer the flexibility, affordability and quality that every family should have a right to expect.

During the coronavirus lockdown, huge numbers of families who normally rely on childcare are very profoundly experiencing just how important the child care service is. There is a renewed appreciation for the work that childcare professionals – usually low-paid – do. We should include childcare workers in our narratives about the keyworkers who deserve far better pay and conditions after the crisis; and about the services that are essential to keep a healthy and fair society going in normal times.

Where do we go from here?

We should redouble our efforts to develop arguments and policies for universal public services across housing, childcare, social care and education, for a real living wage, and for big increases in child benefit. All of these are solid, universalist and economically transformative anti-poverty policies, and all reflect long-held animating values of the labour movement.

Arguments for universalism will have to grapple with growing calls for contribution to be placed at the heart of the system. The government's income-replacement schemes fit well with the idea that those who have 'contributed' – those who are 'workers' not 'shirkers' – are the ones whose incomes must be protected.

The ideal of social insurance has clear attractions; many European countries have laudable systems of generous sick pay and unemployment benefits based on a contributory model. But in the UK context, allowing an ethic of contribution to prevail would be dangerous. Given the current government and media landscape, any higher rates of income replacement for people with a long record of contribu-

tions who lose their jobs or become ill are most likely to be achieved at the expense of (not alongside) improvements in the incomes of those most likely to be in poverty – that is, at the expense of families with young children, especially lone parents; disabled people; and the many others who face discrimination in or have been excluded from labour markets for a long time.

During this crisis, many people have suddenly found that their only recourse is to Universal Credit – just as there were many people whose only recourse was to Job-Seekers' Allowance during the global financial crisis. Many have thus found out through bitter experience just how little social security support will cover. However, after 2008, this did not lead to a clamour for social security to be adequate: instead, there were calls for special treatment for those who had contributed financially in tax over the years.

Today the danger is the same: that we will witness the renewal of the rhetoric of the deserving versus undeserving poor. In this context, a simple argument for an across-the-board uplift in adult benefits will be unlikely to find a popular hearing. Therefore we, in Labour, must do two things: we must ensure that the voices of real people in poverty are heard, to help to counter this pernicious narrative; and we must argue for the step-by-step introduction of universalist and effective anti-poverty policies, beginning with a significant increase in child benefit for every child.

Even those who are receptive to 'undeserving poor' rhetoric often think differently when it comes to children and child poverty. We should argue for significant universal increases in child benefit, which would ultimately become a UBI for children. Child benefit is one of the most effective anti-poverty tools we have. Most people believe that children deserve a fair start in life and can agree that securing their families' incomes is an essential part of that. Once we have won the argument for children, it may well put us in a better position to win the argument for universal minimum support for adults, too.

The threat of mass unemployment

Our lives and our communities were already terribly fragile before the crisis hit, and the crisis could leave us in an even worse state. We must prepare now for the possibility that mass unemployment may be about to make an ugly return. It would be a huge understatement to say we aren't well prepared for this.

The social security system has been redesigned by the Tories to push recipients into taking work regardless of the level of pay, job security or working conditions. It offers a level of support that is inadequate for the needs of real-world families, and then makes even that support conditional on jumping through unrealistic hoops.

This degradation in the safety net has caused so much hardship over the last decade, and the situation will get much worse in a context of soaring unemployment.

The Tories have increased a few benefit levels, because they are beginning to recognise that their former strategy is becoming politically as well as economically unsustainable during, and potentially following, this crisis. Telling people to get a job or work more hours, while offering only a poverty-level income from social security, will not be as politically effective once most people know a family who have lost work because of the crisis, and once it is common knowledge that accessible job vacancies are few and far between.

However, Tory pragmatism will only go so far. Once they feel able to declare the crisis over, it is unlikely that the government will put a single extra penny into social security. They won't learn the lesson about the resilience created in society through a functioning safety net. Once their ideologue backers and backbenchers start baying about the deficit again, it will be difficult for us to exert the pressure to keep poverty from rising fast. We will need to strain every sinew and draw on every alliance we can to ensure that the blame for our great vulnerability in this crisis is correctly identified as lying in the erosion of our society and its mechanisms of solidarity over the last decade.

So it's our job to tell the story of how our social security system got so broken, to ensure the Tories own the contradictions and failures of Universal Credit, and to start telling a story about a society that's different. We need a society that sustains a common life, which is not so fragile that the next crisis will shatter it; one with resilience built into its fabric through investment in public services, and a safety net worthy of the name. This story has *security* at its heart, and it recognises that few if any of us can achieve security on our own: making society less fragile will benefit us all.

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Notes

- 1 ONS: <https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/conditionsanddiseases/articles/coronaviruscovid19groundup/2020-03-26#deathsbyarea>.
- 2 Social Mobility Foundation, *The Great Escape? Low pay and progression in the UK's labour market*, 2017: <https://www.resolutionfoundation.org/app/uploads/2017/10/Great-Escape-final-report.pdf>.
- 3 See <https://www.livingwage.org.uk/calculation>.