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Clearing the poor away

Frontline article by Danny Dorling, November 2010

With the poorest set to suffer most from cuts, Danny Dorling looks at the damage the spending review will do to the lives of millions.

The comprehensive spending review announced the start of a new era of engineered social polarisation: a further separation of the lives, hopes, homes and chances of rich and poor.

One of the first announcements was that new tenants of council and other social housing will now have to pay at least 80 percent of market prices in rent. At one stroke millions of low paid families are to be excluded from living in hundreds of towns, cities and villages where they no longer earn enough to "deserve" to be.

At age 60, shadow chancellor Alan Johnson is adept at dealing with callousness. His immediate reaction to the cheering that greeted the government announcements was that for many coalition MPs it was now obvious that "this is what they came into politics for". George Osborne (39), who became an MP in 2001, ended his speech saying he had brought sanity to our public finances and civility to our economy. The printed version of his speech suggests the word was "stability", not "civility", but George was mumbling at that point and I think he thinks he is civilised.

Osborne announced that housing benefit will not be paid for people under the age of 35 who live alone - this previously applied only to those under 25. There would be a 10 percent cut in council tax benefit for those who cannot afford to live in certain areas. The few remaining people living on modest incomes near affluent suburbs or in economically successful towns and villages are to be cleansed away.

We now know that the spending review is at least as regressive as the June budget, as were the cuts announced for local council core funding. The best-off fifth of society will lose just 1 percent of their entitlements to public services and spending, the lowest losses of any group. Furthermore, a million people currently on employment and support allowance due to ill health will each lose £2,000 a year if they cannot find a job. Osborne announced further privatisation of pensions, with the state pension age rising rapidly to 66 years. Only those with private provision can now retire at the normal age. Public sector pensioners will have £1.8 billion removed from them by 2014-15. This will further impoverish many of that group. Pension credits will be frozen for three years.

No family on benefits is to receive more than the income of an average family in work, no matter what the circumstances of their children. If you are poor - or are made poor when you lose your job or have a pay cut forced on you - and have three or more children, you may need to leave your town for a new life in a cheaper area, away from where the remaining well paid work is.

Understanding demographic trends is crucial to understanding the review. Provision for the NHS does not include the extra costs of the post-war baby boomers retiring, or the cost of new privatisations being introduced there (which were not even in the Tory manifesto). Provision for education does not maintain current rates of spending per child once the new privatised "free" school costs are added in. University places will be slashed, but 75,000 more apprenticeships are to be created for the children of the more-deserving, better-behaved poor - those who know their place. The educational maintenance allowance for less well-off children will be phased out, another significant cut to children's finances which, when combined with all the chancellor's other measures, means that child poverty will rise - despite what he suggested in this speech.

But not everyone loses out. More affluent savers who lost money they invested in Equitable Life and the Presbyterian Mutual Society will soon receive £1.7 billion from taxpayers - mostly from taxpayers poorer than them. Thus money is being redistributed towards the affluent. And there will be more property for the affluent to buy with these windfalls in and around London, in villages and in market towns, as the poor vacate their homes for cheaper places to live.

Raising the cap on train fares will mean that those who do move out to make ends meet will end up paying even more to get into London and other cities for work. Local government will be allowed to borrow more in richer areas, against expected business rates, instead of Westminster borrowing, so that the places where business makes a lot of money can be spruced up. Local government in poorer areas cannot make such newly permitted borrowing.

Osborne is younger than me, and I am still a relatively young university professor. His work experience has been limited to shelf-stacking and a few weeks of filing in the NHS. Danny Alexander, the chief secretary to the treasury, is even younger (38). For a year he had a job outside of politics, doing PR for a national park. Between them, these inexperienced young men - who as far as I know have never been on the dole - announced a huge raft of cuts which their own figures say will directly make half a million public servants redundant.

The former Tory chancellor, and current secretary of state for justice, Ken Clarke (69), had warned of a double-dip recession if cuts were savage. On 21 October, Teresa Perchard, director of policy at the Citizens Advice Bureau, warned that housing benefit changes would "create a group of nomads...maybe not where the jobs are". On the same BBC radio programme, Alan Johnson said that Osborne's speech was "unfair, unwise and untruthful in some of the statistics" and that the chancellor was "asking children to make a bigger contribution than the banks".

There were a huge number of alternatives to what took place on Wednesday 20 October, but few of those alternatives would have resulted in the cleansing and clearing out of so many poorer people (and people made newly poor) from more prosperous areas of the country. Many younger people will now go abroad to find work or a university place. Many of them will never return. Poorer families will struggle the most, but fewer will be visible through the windows of ministerial cars. This is how you break a society.

Danny Dorling's most recent book, Injustice: Why Social Inequality Persists, is published by Policy Press, £19.99.