

Fabian Society Lecture – Life Chances: The Positive Agenda

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Introduction

I would like to thank the Fabian Society for organizing this series of lectures on life chances, and also for the work of their Commission on Child Poverty and Life Chances.

For the Fabian Society concern with child poverty, inequality and injustice has always been at the heart of their work. Indeed the very first Fabian Society tract, published after the Match Girls strike in 1888, was called “Why are the many poor?” Championing the cause of the many not the few has always been the rationale for the Fabian Society, just as it has been the political purpose of the Labour Party through its history too.



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But this series of lectures, and the work of the commission on life chances and child poverty are, I believe, particularly significant. .

As the interim report of the Fabian Society Commission on Life Chances and Child Poverty makes clear, their ambition is to;

“reshape the wider public debates about poverty and inequality in Britain... to [build] a new settlement, a new political consensus, if the decision not to accept poverty in our society is to prove as politically robust as Clement Atlee’s National Health Service became after 1951.”

These are bold aims. But they are also essential aims. They are critical to our purpose in the Labour Party, and in the Labour government, and also to our future as a nation.

This is the fifth of the Fabian series of lectures on life chances.

Already David Miliband has set out why improving life chances is a vital part of a modern social democratic approach, and why Labour today is well placed to entrench those values at the heart of a modern political settlement.

John Reid has argued strongly for the importance of empowering people and raising aspirations, particularly for improving health.

Ruth Kelly set out a passionate case for developing every child’s talents, and the further improvements she is championing for our schools.

And Alan Milburn has set out Labour’s purpose to smash the glass ceiling on opportunities, and the clear dividing lines this leaves with the Conservatives.

In the final lecture in the series I want to return to the point where the Fabian Society started, to child poverty, life chances and the need for a political consensus. I want to explain why I think the crusade to widen life chances for all is so important for Labour’s third term election campaign, for our moral and political purpose as a party, and for the future of our nation.

I believe that the aims of cutting child poverty and widening life chances for all should command wide and strong support across society. After all this is a progressive programme which benefits not simply those suffering greatest disadvantage, but everyone whose potential is still denied.

The challenges we face ahead as an economy and as a society mean that the Conservative approach to these issues would be deeply destructive and divisive, and would be to the detriment not just of the most vulnerable, but to our economic prosperity and the cohesion of society as a whole.

Just as John Reid has talked about health care, and Ruth Kelly has talked about education, I want also to say something specifically about how housing and sustainable communities impact on life chances too. And finally I want to support David’s conclusions about how we – and the Fabian Society – need to do more to build the progressive consensus so that no one dare turn the clock back on poverty again.

1. Child Poverty Matters

The left has always felt passionately about the alleviation of poverty. The Labour Party over the decades has championed support for those who are vulnerable and excluded.

But for all the progress in the middle of the twentieth century, the final decades saw a shocking rise in child poverty, fuelled by Conservative policies at the time. The trebling of child poverty between 1979 and 1997 (and the prevalent view that this was somehow the unavoidable and even acceptable price of rising prosperity) was a scar on British society.

After all, no one had any doubt about the impact of poverty on a child's life. We are not just talking about the short term distress of a nine year old unable to afford to go on a school trip, or the resentment of a 12 year old because their family can't go on holiday again. Poverty in childhood haunts people for the rest of their lives. Children growing up in poverty get worse results at school, are more likely to become teenage parents, more likely to be unemployed, and are more likely to be parents in poverty themselves twenty years later. They just don't get a fair chance in life.

That is why the Labour government's ambition to end child poverty in a generation is so important – and so revolutionary. It is hard to underestimate what a fundamental shift this is in approach compared to the Conservative years.

It is a moral cause for all those who care about injustice and unfairness. But it is also, as the Fabian Commission has pointed out, in the interests of our economy and our society as a whole that generations of children should not see their talents wasted and their potential denied.

The progress we have made so far has surprised many. One million children have been lifted out of poverty. According to LSE academic John Hills, "The package of support for low income working families with children is one of the most generous in the world."

Of course there will be challenges ahead in sustaining that progress. We know too that it isn't just about income, it's about the opportunity for parents to learn and earn, and the chance for babies and children to get support from programmes like Sure Start in the very early years of life. Labour is addressing not just poverty but social exclusion

too. So rough sleeping is down by two thirds, families are no longer kept in bed and breakfast accommodation, and support has increased for those most marginalized from society.

And the evidence shows that the extra investment is making a difference where it counts. Jane Waldfogel's research has shown that when parents on low income were given extra cash they didn't spend it on fags and booze as the stereotype suggests. Quite the reverse. They spent the extra money on the kids.

But where have the Conservatives been in the debate on child poverty? We know their record. Child poverty trebled. And this was not simply the result of indifference, or the failure to respond to a wider economic problem. The Conservative government actually cut child benefit in real terms. They even changed the law to remove the duty on the government to consider an increase in child benefit. By 1997 child benefit was still lower in real terms than it had been in 1979. Frankly it is astonishing to believe they could have got away with cutting support for children across the board. It just shows how far we have come – and also perhaps how much we already take for granted in the way the political climate has changed.

Even today, when the Conservative party professes a concern for public services, they still have nothing to say about child poverty. We have heard nothing in response to our target to abolish child poverty. Over the past few years they have repeatedly said they would cut Sure Start, and they opposed the introduction of tax credits. I believe that the Conservative approach fails millions of children. It also fails society as a whole too by denying our economy their talents, and by storing up for society a legacy of social, health and community problems too.

2. Promoting life chances matters.

But building social justice involves more than simply a moral crusade against poverty. It is about more than just tackling social exclusion.

Plenty of families who feel included in strong communities still don't get a fair deal. Think of the 16 year old in a close family, in a cohesive coalfield community, who doesn't stay on at school because it just isn't what she and her friends ever expected to do. After all staying on rates in coalfield areas are significantly lower than the national average.

She isn't excluded from society. She may not have grown up in poverty. And in the short term she may have more cash in her pocket than her peers in leafier suburbs who stay on in education. But she still isn't getting a fair deal. Her chances in life are still dependent on where she lives, and the job her parents do.

So I believe the Fabian Commission in their interim report were right to argue that, "an exclusive focus on child poverty is too narrow because it leaves out key concerns about broader divisions and inequalities."

It is the inherited inequalities that cascade from generation to generation that are the most insidious barrier to opportunity. For all that British society seemed to be opening up in the second half of the twentieth century, the miserable truth was that inherited inequalities were as strong as ever by the end of the Conservative years.

So the children born in 1970 actually experienced less social mobility than those born in 1958. Poverty in childhood was more likely to lead to poverty in adulthood for the 1970 generation than for the earlier generation as relative life chances actually fell.

The result is that still at the beginning of the twenty first century, your chances in life depend too much on your parents income. Children still do not have equal chances in life. Social class still casts a long shadow over British society. Children growing up on low income are still much more likely to end up with lower qualifications, lower wage jobs, suffering unemployment, becoming teenage parents and even dying younger than their classmates from more affluent backgrounds. Children from some ethnic minority groups do persistently worse at school and in the jobs market too, even taking account of family income.

Building a fairer society means we have to address all the barriers to opportunity that people still face. Already Labour in government has made great strides in tackling disadvantage and lack of opportunities, as last year's major Social Exclusion Unit report, "Breaking the Cycle" set out.

Staying on rates have gone up, along with rising education standards across the board. The gap between the most deprived districts and the rest in education and employment is starting to narrow. Thousands of lone parents have been helped by the New Deal.

Under the banner of progressive universalism, support has also been extended to widen opportunities and life chances for those on low and average incomes as well as those in poverty. So the Children's Tax Credit provides the greatest support for those on lowest income, but is a considerable boost for average families too. Sure Start has begun in the most deprived areas, but it covers all the children in the area, and the new Children's Centres will reach into every community.

Even though we know that addressing those inherited inequalities will take at least a generation, we are at least starting in the right place – in the early years. We know that the gap in life chances between those growing up in low income families and in more prosperous families is evident even by the age of 22 months. In 1999-2000 I was involved in the Smith Institute work with John Bynner and Heather Joshi looking at life chances among the 1970 and 1958 generation. And their analysis reinforced our decision at that time to pursue a substantial expansion of Sure Start, exactly in order to boost children's life chances. We know however that we will not see the benefits from those extra children helped by Sure Start for many years to come.

Promoting life chances in this way is about more than simply a narrow view of social mobility or equal opportunity. As the Fabian Commission set out in its interim report; "What concerns us is not merely the fact that talented children from income-poor backgrounds are less likely to realize their potential than those from more affluent families, but that all children from income-poor backgrounds are less likely to realize their potential than those from more affluent families. The goal therefore is to improve the experiences and opportunities for all children and not merely to increase social mobility amongst the most able"

I think the Fabian Society are right to argue that a modern vision of social justice and equality is a complex one. We have to address the persistence of poverty and the problem of social exclusion. But we also need to widen opportunities for the many families who are not trapped in poverty and who are included in strong local communities, but who just aren't getting a fair deal. We have to tackle inequality of opportunity, and in particular the persistence of inherited inequalities that still cascade from one generation to the next. It isn't enough to simply offer escape routes for a small number of talented children from disadvantaged

backgrounds, we have to widen opportunities for every child to fulfil their potential. That has been the Labour approach for the past eight years, now we need to go further.

But again, where are the Conservatives in the debate on raising life chances for all? They have made clear their hostility to expanding numbers in higher education. They have pledged to abolish the New Deal for lone parents – something which is particularly destructive of life chances, because it tackles child poverty and helps mothers back into employment and training at the same time. Given that women on low qualifications were left furthest behind in the social and economic changes of the Conservative years, and given the importance of mothers education and employment to children's development, supporting mothers on low income is one of the most powerful way to improve the life chances of two generations at once. But the Conservatives have opposed it. At best their approach to improving life chances is simply to offer a small number of escape routes for a minority – by using taxpayers money to subsidise their private education. At worst, they are engaged in safeguarding the privileges of the few.

3. New challenges for the future make this even more important

The challenges we will face over the next few years make the need to promote life chances even more important. The pace of change in the economy and the labour market, the nature of the modern housing market, and the persistent legacy of deep rooted historic attitudes and social relations pose great challenges for our society in the future. And I believe only the Labour party is equipped to address those challenges in the next few years.

Changes in our economy and labour market mean the value of skills and qualifications has increased. But that means the penalty for having no skills or qualifications has increased too, and the risk is that those with poor education can fall further and further behind.

The pace of demand for ever improved qualifications, as well as changes to the structure of the labour market can make it harder to catch up later on. So research by the Strategy Unit suggests that the changing nature of the modern firm, and the disappearance of many middle management jobs, means it is now harder for people with few qualifications to work their way up through the com-

pany from the shop floor. Those who lack a degree by the time they enter the workforce can find it very hard to ever break into graduate level employment through other routes.

The modern flexible economy means we also need to draw on the talents, potential and entrepreneurship of every individual. But too many people are still held back, both by lack of opportunity and disadvantage, and by deeply embedded attitudes such as lack of confidence among those on low income and persistent prejudice on behalf of others.

The housing market too places new pressures on society. As housing supply has not kept pace with housing demand, house prices have increased. Changing household formation and family break up has contributed too. Low mortgage rates and economic growth have meant we still have over a million more homeowners than in 1997. Nevertheless more people still want to own their own homes. The consequence of a tightening housing market is that while some people inside the housing market have seen their wealth and their assets grow, others outside the housing market are unable to afford the house they want and numbers in temporary accommodation have grown.

4. Faced with these kinds of challenges, government policy matters.

Faced with these kinds of challenges, government policy matters. The wrong kind of policy response could be devastating – not just to the life chances of the most vulnerable, but also to the cohesion of society.

The response of the Conservative government in the eighties and nineties was exactly that. Faced with economic change and restructuring, they did little to support workers losing their jobs, and little to support cities and regions devastated by job losses. Faced with growing returns to education they did little to support widening access to education and skills, in fact the education gap between districts grew. Faced with widening income inequality they did nothing to support families on low income and child poverty trebled.

No one should underestimate the importance of continued economic growth for helping those on lowest skills and lowest income. After all, recessions hit hardest those with least economic power. The impact of the deep recessions of the early eighties and nineties was to knock some workers

out of employment not just for a few months but for years at a time. And the social consequences have been considerable too. Children growing up in the eighties on streets where no one worked for years at a time are now parents themselves. Those childhood disadvantages mean they are far more likely to face family problems themselves today. Poverty and troubles in childhood are linked with a wide range of social problems later on, ranging from mental health to drug related crime.

The Conservatives current policy proposals would be equally damaging, and equally poor at addressing the challenges we face. Cutting investment in key public services won't help. Oliver Letwin has said that outside schools and hospitals, budgets would be frozen. But that would be at the expense of adult education and training – so critical for providing those second and third chances later on in life. More importantly it would prevent the vital expansion of Sure Start children's centres, so important to improving early years.

5. So what should Labour do now

Labour instead is determined to respond to these new challenges in the labour and housing markets, as well as continuing to tackle the deep rooted historic disadvantages people face. That means equipping families to handle the pressures of a modern economy, and ensuring the economy can make the most of each and everyone's talents and abilities.

In the last four lectures Alan, David, John and Ruth have already set out key priority areas for a Labour third term.

First and foremost it means continuing to tackle the economic root causes of poverty and inequality through helping people into work and cutting child poverty. After all, for all our progress we still have a long way to go.

Secondly it means widening educational opportunities to improve life chances for all – not just in schools, but in those vital early years through Sure Start Children's Centres in every community and later on in life to supporting those crucial second chances people need.

Thirdly it means striving ever harder to break the link between income and wealth on the one hand, and other kinds of life chances such as health. (In contrast to the Conservative approach which

strengthens the link by subsidizing private operations.)

Fourthly it means continuing to try to break the link between where you live and your chances in life. Already the New Deal for Communities and Neighbourhood Renewal investment are helping to narrow the gap.

6. Housing policy

But just as John talked in particular about health and Ruth talked in particular about education, I wanted to say a little more about wealth inequality and the housing market. The strong links between wealth and the housing market, between owning assets and owning your own home, mean that we have to take seriously widening wealth inequality to prevent it becoming a brake on opportunity in the future too.

New analysis by the Social Exclusion Unit shows that for all our progress on other areas, wealth inequality continues to grow. According to Shelter the top 30% of families with children now own 50% of the nation's housing wealth – up from 42% in 1993. In London over a third of first time buyers rely in part on gifts, family loans, or windfalls. Yet people's chance of owning their own home should not depend on whether their parents and grandparents were homeowners before them.

Already the Child Trust Fund is being increased. The Savings Gateway is being extended. And stamp duty is being abolished on smaller homes.

But we need to go further. 70% of the population now own their own homes, with over a million more home owners since 1997, thanks to low mortgage rates and economic stability, in contrast to the boom and bust of the housing market in the eighties and nineties. But 90% say they want to own their homes, yet with a tightening housing market, many can find themselves denied the chance. Those on lower and middle incomes should not be denied all chance to share in the value of their home, or to get a stake in the property market.

That's why tomorrow, the Chancellor and the Deputy Prime Minister will set out new proposals to help thousands more families buy a share in their home. Labour will help more first time buyers, key workers and social tenants to buy their own home, or even just to buy a share in their home as well. This will extend home ownership opportunities for

the first time to thousands who simply cannot afford to get a foothold on the housing ladder right now.

Unlike the Conservatives, we believe we need to do this alongside – and not at the expense of – more homes for those who are most vulnerable. Extending the Right to Buy to Housing Associations, as the Conservatives want to do, would help fewer people in the long run and would cut the availability of social housing and increase homelessness. That is why the new plans to sell shares in social housing are being drawn up with safeguards for social housing, and with receipts invested in new homes to cut homelessness instead.

And it is why we also need to support a big expansion in housing supply as the Sustainable Communities Plan and the Barker Review recommended. Only that way will we be able to respond to the growing demand for housing and the growing pressures on the regional economy too.

Cutting the housing budget by £1 billion as the James Review has proposed, abandoning the Thames Gateway and cutting house building across the South East as the Conservatives have proposed, would have a very detrimental effect on life chances for families across London and the South East. It would restrict the affordability of housing to many families, and would push up numbers in temporary accommodation too.

It would also badly restrain the regional economy, and therefore the prosperity of many more families besides. Restricting house building as the Conservatives wish to do serves only to protect the interests of those home owners who will see their house prices continue to rise, and who are wealthy enough to be insulated from the wider pressures affecting the regional economy too.

Promoting home ownership is often seen as being about aspirations. It is. But it is also about addressing unfair inequalities. And when done alongside expanding housing supply and improving access to social housing too, it forms a vital part of a programme to widen life chances for all.

7. And we need to build that progressive consensus

Finally, as the Fabian Commission has made clear, and as David set out in the first lecture of this series, we need to entrench the battle against pov-

erty and unjust inequalities in a new political settlement.

After eight years in government I believe Labour has already changed the debate about poverty and social exclusion in Britain. Ten years ago, Conservative politicians now regarded as relatively moderate, were still able to attack and vilify those who were most disadvantaged. Remember Peter Lilley on the subject of single parents or Sir George Young on the subject of rough sleepers? Now even the most right wing Conservative politicians and commentators dare not publicly propose slashing Children's Tax Credits, Sure Start or action to address social exclusion.

It is a sign of how far the Conservative party think the consensus in the country has changed that Michael Howard has been so neurotic in response to Howard Flights statement of what is widely believed to be the reality behind their plans. Yet even the Conservatives recognize that the public have no appetite for a return to Thatcherism.

Of course the Fabian Society is right that there is still limited awareness among the wider public about the progress made and the challenges remaining in cutting child poverty. But when faced with the evidence, people do support action to cut poverty and improve children's chances in life.

We have not yet gone far enough. Just as we have more to do to address poverty and unjust inequality in Britain, we have more to do to build a progressive consensus of support around our programme too.

It shouldn't just be in the months before an election that Tories fear to mention cutting public spending. It shouldn't just be when seeking votes that they fear to criticize support for families.

The 1945 Labour government built an NHS that the Conservatives have feared to challenge for decades. So the next Labour government needs to extend the welfare state to the under 5s, so that the very ethos of our welfare state and our public institutions is to tackle disadvantage in the very young and to give every child from the very beginning the very best start in life.

The NHS has served to nurture and sustain the values of fairness and equity which underpinned its very establishment in the first place – that health care should be provided according to need and not

ability to pay. Similarly we need our Children's Centres to embody and embed important values of fairness – promoting the life chances of every child. Politicians of the right should fear to cut the children's centres of the future, just as today they fear to admit to cuts in the NHS because they know the strength of public feeling.

And we need to build a consensus across the country in support of cutting child poverty and widening life chances for all. We still need to do more to persuade people that the inequalities we face undermine social justice for all of us. Giving every child a fair chance in life is an imperative for every modern civilized society.

I believe this is a cause which should command broad support across society. After all it is about improving opportunities for the many, not preserving the privileges of the few. It taps into people's aspirations for themselves and their families, their desire to learn, to create and to get on. But it also

reflects people's sense of responsibility to their community and to others, and the moral sense that everyone should be treated with equal respect, and no one should be unfairly excluded from the opportunities and life chances that others take for granted. Furthermore it helps us to address the economic challenges we face, by promoting the talents and creativity of all our citizens. And it helps reduce the difficult social consequences of a divided and distressed society too.

In the last eight years, the Labour government has made great strides in tackling many of the worst aspects of poverty and inequality in modern Britain. But we still have much to do. Our challenge now is to forge a third term programme, and a political cause for the nation based on sustaining that progress. This is our chance to build a society in which individuals receive equal respect and children gain from equal opportunities and life chances and in which the cycle of disadvantage from generation to generation is truly broken.