Women's Continual Impoverishment as UK Government Policy: Women and the Cost of Living Crisis

Saturday 18 March 2023, by PASHKOFF Susan (Date first published: 15 March 2023).

The article by Susan Pashkoff discusses the impact of high childcare costs and lack of access to childcare on women's ability to work and their financial security, as well as the broader issue of women's lower wages and dependence on benefits.

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On March 6 2023, while watching Sky News, they reported on a paper entitled "Growing Pains," which was from the Centre for Progressive Policy and stated the fact that women cannot access childcare due to its costs and that that was impacting their ability to work. Honestly, childcare is so expensive that their wages would be eaten up just paying for it, and it makes little sense to essentially work to pay for it. The news report also raised the fact that women are leaving paid employment to take care of their families because of the costs of childcare. The news report continued that this means that they aren't able to work as much as they would like; essentially, women are forced into involuntary unemployment. The majority of part-time workers are women, and much of part-time and temporary work is involuntary but arises due to childcare and women's responsibility for providing support and assistance to disabled people in the family.

The news report concluded that this situation is having an impact on the economy in terms of "lost potential economic growth," as though this is the major concern that we should be concentrating on. Since we actually have a "labour shortage" (arising from a high number of "economically inactive" people and Brexit), needless to say the government suddenly sat up and declared that the upcoming budget will "try" to have something to provide childcare so that women can re-enter the paid workforce. Undoubtedly, they will come up with another sticking plaster on the open wound that is the British economy. Privatisation of childcare centres is part of the problem; will they actually provide more "free" childcare (again, there is a shortage of spaces with childcare providers) or will they instead insist on more sanctions against people that are "economically inactive and receiving benefits?

There are times when you actually wonder whether you are simply talking to the walls or whether perhaps politicians and the whole mainstream media are suffering from short-term memory problems. This is nothing new; issues around the cost of childcare and the amount available were raised during the introduction of austerity and throughout the COVID pandemic and the economic crisis that arose from it. Moreover, there is the fact that large numbers of women are part of the reserve army of labour to be brought into work when the economy needs it. But that can only happen if the social responsibilities that women have are covered so that they can enter the

workforce.

• The benefit cap, which is part of the Universal Credit (UC) benefit system, traps single mothers due to a lack of access to childcare. The benefit cap is the highest level of benefits you can receive if you are not in paid employment. No matter how many children there are in the family, child benefits are only available for two of them if you are under the benefit cap. In 2019, single mothers with at least one dependent child made up 85% of those who suffered from the benefit cap.

• Lack of access to childcare is what forces women into part-time and temporary employment. While some women may prefer to do part-time work, not all women do. Moreover, not only are part-time workers' wages lower (they work fewer hours), but these paid jobs are more precarious, as many women working part-time are on zero-hour contracts for which there is no compensation when your work is cancelled.

• The linkage between accessing childcare and employment is also a major problem. It is literally a catch-22 situation… You need work to get childcare, and you need childcare to get work.

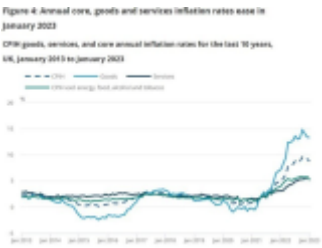
1. Once children are in school, we often find women holding down two part-time jobs around school hours to make enough income. But the reality is that working does not ensure a safe and consistent level of income for many women, and that is what the whole of UC is based on.

What the cost-of-living crisis has meant for everyone:

1) increase the costs of heating and hot water;

2) increase in the prices of food and other basic necessities;

3) increased rents due to rising interest rates on mortgages, which are being passed onto renters (especially in the private sector), higher rates of interest on mortgages, and finally higher rates of interest on credit cards.



Office of National Statistics, Consumer Price Inflation, January 2023

- Women have lower wages than men. The days (if they ever existed) when women's paid employment was "pin money" are long gone. Over a decade-long stagnation of wages and the destruction of working conditions mean that women's incomes (wages and benefits) are an essential part of normal household income. Women leaving work destabilises household incomes, increasing the financial insecurity of the household, and single-parent households are the worst affected.

This is due to three things:

1) Women often work in segmented labour markets; these labour markets or sectors are often based on traditional unpaid women's labour in the home, which is treated as unskilled labour and undervalued and underpaid in capitalist society (*e.g.*, cleaning, cooking, caring, primary school

teachers, nurses, and hospitality, retail, and the travel industry). Many women still work in the informal sector, especially when they enter the paid labour force; women doing domestic labour for women that are wealthier or working full time. Wages in the informal sector are not regulated, and these are often based on agreements between the domestic worker and the woman of the household (there are no pensions, no benefits, and no sick days).

2) Despite the Equal Pay Act, women working in the same jobs as men still earn lower wages for doing the same work. This is, in part, due to taking time off work to have children and care for children and disabled family members (social reproduction responsibilities). This negatively impacts your ability to move up the job ladder. Then, of course, there is still sexism, racism, and other oppressions impacting their wages.

3) Large numbers of women, if they are in full-time employment, work in the public sector, where wages are lower than in the private sector (decreasing public sector wages was one of the aims of austerity in Britain; this finally happened right before the pandemic).

New research from the Living Wage Foundation shows that women are more likely to be struggling with the cost of living crisis than men.

• 14% of women (over 2 million) who are in work are paid below the real Living Wage, compared to 9% of men (1.4 million).[1]

• Women in shift work are also more likely to be on a zero-hour contract than men in shift work (13 vs. 9%). They are also less likely to receive payment when shifts are cancelled. 27% of women (compared to 17% of men) said they were paid nothing when shifts are cancelled. [2]

• The real living wage is currently set at £10.90 in the UK and a higher rate of £11.95 in London. It is voluntarily paid by over 12,000 businesses […]. According to **the Living Wage Foundation**, over 2 million women (that's 14% of all women) in work are paid below the real Living Wage, compared to 1.4 million (9%) men. That's over half a million more women workers earning below the real living wage compared to men. As a result, jobs held by women account for almost 60% of all jobs paid below the real living wage. [1]

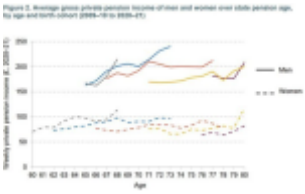
• Women are more dependent than men on benefits. Britain's benefits system is a bit different from the US; if you are in paid work and your wages are low, you can still receive benefits to supplement your income. In fact, this aspect of Universal Credit (UC), which forces people to work if they are unemployed or "insufficiently employed," is reinforced by the benefit cap and sanctions that are an essential component of UC. So, despite the incredibly poor level of benefits, the only way you can get out of the benefit cap is by working; if you earn too much, you will lose your benefits. One of the worst things about UC is that it has become a regime of punishing those unable to work due to needing childcare, providing care and assistance for family members, or being disabled. Women's lower wages mean that benefits (specifically, child benefits and child-tax credits), housing benefits, and the job seeker's allowance make up for the lower wages paid by employers. Since women are especially dependent on benefits, any modification in benefits will impact you worse. Those particularly affected by the transition to UC are single mothers and disabled people.

• We must note that the news report said nothing about how their roles in social reproduction impact women's lives, and they didn't talk about the unpaid provision of support and assistance *(i.e.,* "care") that they also do for both immediate and extended family members, which is also part of their "social responsibilities". One important point is that the atrocious shape of the social care system (due in large part to privatisation) has led women to leave paid employment to provide support and assistance to extended family members because the quantity and quality of support

available is simply insufficient. Carers' allowance (part of potential benefits) can be up to £69.70 per week **if** you provide support and assistance for more than 35 hours per week and the person you are assisting is eligible for disabled people's benefits due to impairment. This is a pittance compared to even the low wages women receive in paid employment, and leaving work undermines family income.

• Finally, women's savings and pensions are lower than those of men. This is due to their lower wages and breaks in their working history (*e.g.*, having children, caring for children, lack of available childcare, support and assistance for family members with impairments and sickness), which result in a pension pay gap between men and women.

From Now Pensions we have the following:



From the Institute for Fiscal Studies, we have a comparison of private pension savings over time between men and women at different ages; the government did extend the time that women need to work before they can retire:

What was interesting is that the original news report discussed at the beginning of this piece actually laid bare not only women's oppression (their unpaid labour at home), but also their exploitation in the paid work force (more precisely, the capitalist system's exploitation of women's ability to labour), and yet neither of those words were used in the report. What seemed to be their main concern was that the economy was suffering and that economic growth was potentially lower due to the situation.

Yet there was nothing said in that news report above about why, in this day and age, these social reproduction responsibilities are predominately the responsibility of women in our society. This is not a natural or biological situation; really, anyone can do most of these tasks; yet these responsibilities still predominately fall on women. These are social responsibilities and, as such, affect women (especially working-class women) significantly.

Women still bear predominate responsibility for a large part of the social reproduction of the economy. Part of that is done by paid workers producing goods and services that enter the workers' consumption bundle. But the other part is done as unpaid labour by women at home. Specifically, it is predominately women's responsibility for ensuring not only the physical reproduction of their class but also the responsibility for socialisation, care, and education of children, nursing and support and assistance for members of the immediate and extended family that are sick, infirm, or disabled, household tasks that ensure that the family home is clean, clothes are wearable and clean, and they are responsible for household expenditures and budgeting to ensure there is food on the table and necessities (school uniforms, clothing, etc.) are purchased.

This doesn't mean that they do all of these things at home, but it does mean that they are mostly responsible for them in the home and, by extension, in the economy. This is a social problem, not a problem with just one family. Neither does it mean that men do not help in any of these things; what makes this oppression not specific individual arrangements but a general social role. Women's work at home is not a "gift of nature", it is social, and this oppression has been and remains part and

parcel of how the capitalist system is run.

The Impact of Austerity on Women

Following the banking crash and the economic crisis in 2007–8, the UK government responded to the crisis by introducing austerity. What was clear was that all the costs of bank bailouts would be forced onto the British working class; in other words, while the Tories claimed that everyone had to bear the cost of the economic crisis, the reality was that it was the working class. Even more so, back in 2014, when the Con-Dem government was introducing austerity in Britain, it was evident that austerity would affect women more than men. In fact, it was expected that 73% of austerity measures would fall predominately on women.

The reasons for the stronger impact of austerity on women were clear then, and they are still clear today when we look at the cost-of-living crisis. Moreover, we can see that austerity has already left women in a precarious position and made them more vulnerable to other economic crises. What we saw during the period of austerity was the following:

• Job losses primarily occurred in the public sector, where women's labour is predominant (65% of public sector workers were women at the time). But interestingly, more men than women lost their jobs in the public sector during austerity, depending on which sectors were cut. But when those that lost their jobs found new ones, men found full-time jobs and women found part-time jobs, and this held for those that became self-employed as well. For those workers still employed in the public sector, wages were first frozen and then capped at a 1% increase per year on the basis that wages in the public sector were higher than those in the private sector.

• Women's wages are lower than men's in the same jobs. In 2018, the gender gap was 84 pence per pound on average. In 2022, according to government statistics, women earned 90p on average compared to every pound a man earns (this differs between sectors; for example, the gender pay gap is closer in social work and further apart in construction). What we need to understand is whether it is because women's wages have risen or because men's wages have fallen. Back in 2016, it was due to men's wages falling. The additional problem is that women's pensions were and remain lower than men's, reflecting both wages and time in work; women live longer than men, and hence they live longer in poverty.

The gender pensions gap in 2022

Since we published our first report in 2019, the pension gap between men and women has continued to widen. While the average UK pension pot has almost doubled to £111,600, women's savings have hardly increased at all. With the rising cost of living and account inflation, women are in an even worse position. They will an average widow with one-third the pension pot of men.

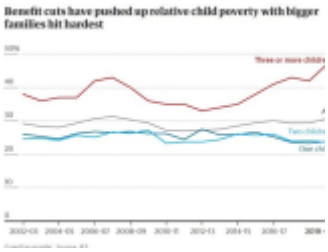
	2019	2020	2021
UK average	£57,000	£ 61,200	£ 111,600
MEN	£ 156,500	£ 203,300	£ 208,800
WOMEN	£ 51,000	£ 57,500	£ 69,000
Gap (men and women)	£ 105,500	£ 145,700	£136,800
Women's pension wealth as a % of men	32.58%	28.29%	33.0%

https://www.nowpensions.com/news-and-insights/what-does-the-gender-pensions-gap-look-like-in-2022/

• The women's labour market was and still is strongly gender segregated, and women are employed in what are termed traditional women's labour which are undervalued and underpaid. Moreover, women predominated in part-time labour, this still holds and derives in large part from childcare and caring responsibilities in the home.

• Fourth, because of childcare, part-time work, and other caring responsibilities, women are more reliant on the social welfare state. The introduction of Universal Credit impacted women much harder. In 2014, Ellie Mae MacDonald argued that a higher proportion of women's income was made

up of benefits (19 percent) compared to men (8 percent). Lone parents (of which 9 out of 10 are women) were expected to be on average £2,380 a year worse off, while families with two children lose £1,100 on average and those with three children lose £2,540. She noted that other benefit changes introduced, such as the restriction of the Sure Start Maternity Grant, the two-child limit on child benefits, and the ban on housing benefits for 18- to 21-year-olds, were likely to damage women's incomes more than men's. The two-child limit on child benefits, which came into effect in 2017, and the benefit cap for claimants out of work have hit the poorest hardest, especially single-parent homes (90% of whom are women-led households).



In an IFS report, reproduced by *The Guardian* in July 2022, the Institute for Fiscal Studies described how the introduction of UC has impacted relative child poverty. What is important is that they predicted this would happen when UC and tax changes were introduced. We can see relative child poverty since 2002, we can see how those families with 3 or more children were impacted (see the 2-child rule) after it came into effect in 22017, and we can seehow this has impacted relative child poverty. Note this was the situation **prior to** the coronavirus pandemic.

• Finally, and this was clear and is still a major problem for women, the British state has historically failed to provide completely for social reproduction, especially in childcare and social care for infirm and disabled people. This means that women work part-time, temporarily, and have a more chequered work history due to work absences to care for children and support and assistance for infirm and disabled people in the family.

It turns out that this estimate of 73% was an underestimate. In 2016, the Women's Budget Group projected that 85% of austerity would fall on women, hitting women's incomes twice as hard as men by 2020. They estimated that women would be £1,003 a year worse off by 2020 on average; for men, this figure was £555. Poorer women were projected to be the worst affected; those with below-average incomes would find themselves £1,678 worse off. According to projections made in 2017 by the Labour Party, 86% of austerity would fall on women by 2020. As reported by *The Guardian* (2017), Labour MP Sarah Champion said:

"In total, the analysis estimates that the cuts will have cost women a total of£79bn since 2010, against £13bn for men. […] It shows that, by 2020, men will have borne just 14% of the total burden of welfare cuts, compared with 86% for women."

Relearning the lessons from the coronavirus pandemic

Just as a reminder, let's look at what everyone suddenly realised during the COVID pandemic. The pandemic laid bare the reality that all women know: that we hold up more than half the sky.

Traditional women's labour, derided as unskilled labour and massively underpaid, is what keeps our economy running. The lie that women's traditional labour is unskilled was ripped apart during the COVID pandemic, as so much of our work is classed as key" or "essential labour.

In the absence of women doing paid labour as essential key workers and providing unpaid labour at

home to ensure that our families are fed, clothed, and cared for, the society would have ground to a halt as these essential workers perform labour that is necessary to keep the economy functioning; without this economic growth will not happen as this is essentially the simple reproduction of the economy.

Women carry out this labour at home for free and often come into the labour market to do similar work (both in the formal and informal labour markets). This feeds the assumption that "anyone" can do these jobs of cooking, cleaning, educating and socialising young children, and caring for families and extended families. In the paid employment sector, wages for these types of traditional women's labour are low due to their "unskilled" status, with many women still working in part-time employment (voluntarily and involuntarily) due to their still being primarily responsible for social reproduction work in the home.

Certain facts emerged about women during the coronavirus pandemic, which are summed up below by the **Women's Budget group**:

"key facts: women and covid- 19 [2]

• **Women are the majority of health and care workers.** 77% of healthcare workers are women,

• **Women are the majority of workers with highest exposure to Covid-19.** Of the 3,200,000 workers in 'high risk' roles, 77% are women. Over a million of these workers are paid below 60% median wages. 98% are women.

• **Young women are disproportionately likely to work in the sectors that have been hit hardest by the lock-down**. 36% of young women and 25% of young men worked in sectors that have been closed down including restaurants, shops, leisure facilities and travel and tourism.

• **Women are more likely to be low paid and in insecure employment**. Women are the majority of low paid earners (69%) the majority of those in part-time employment (74%), involuntary part-time employment (57%), temporary employment (54%), zero-hours contracts (54%) and part-time self-employment (59%).

• **Women are the majority of people living in poverty and female-headed households are more likely to be poor**.

• **Pre Covid-19, women were more likely to struggle with debt and bills.** 39% of women and 34% of men reported it was a struggle to keep up with bills, some or most of the time, 26% of women and 23% of men said they ran out of money by the end of the month and 29% of women and 23% of men said they would not be able to make ends meet for a month or less if they lost their main source of income.

• On average, women carry out 60% more unpaid work than men. This means they earn less, own less and are more likely to be living in poverty (WBG)."

• **Women are more likely to experience domestic and sexual violence and abuse.** 20% of women and 4% of men have suffered sexual assault, including attempts, since age 16, equivalent to an estimated 3.4 million women and 631,000 men. More than 1 in 4 women will experience domestic abuse during her lifetime: that is 1.3 million women under 60 in the last year alone.

• **Women are the majority (67%) of people living in homelessness**, with single parents making up two-thirds of homeless families with children.

The lie that women's traditional labour is unskilled was shredded during the COVID pandemic as so much of our work is classed as key" or "essential labour. The problem is that what defines skills in a capitalist system is closely tied to profitability considerations, which often bear no direct relation to covering the needs of the members of society.

Some Conclusions

The impact of austerity on women and the introduction of the Universal Credit benefit system had already impacted women far more than men. The pandemic demonstrated how much women contribute to our societies and how little they get back. We've discussed in detail how the manner of oppression (unpaid labour at home) and issues around women's pay and working conditions (their exploitation) impact women in modern capitalist society at all ages. Women's pensions reflect the impact of both their oppression (breaks in working due to care responsibilities and childbirth and rearing) and their exploitation. The fact that women live longer than men means that they live longer in poverty.

A variety of analyses have been conducted to examine the impact of various crises on women, as well as the reasons for these impacts. While all these things are known, nothing is being done to ameliorate the specific impact of oppression and the nature of the women's labour market on women. Moreover, we see that these conditions of undervalued, underpaid labour along with precarious unemployment, have spread beyond women. Male workers have been facing the same destruction of working conditions and wage stagnation as a part of neoliberalism. The race to the bottom essentially means the feminisation of male labour.

But women are still facing the same problems that we have. Equal pay for equal work still remains a relevant demand, and women are trapped in segmented labour markets. The notion of comparative worth with respect to pay still remains a demand due to our still being trapped in what is designated as "women's traditional labour. Every attack on welfare benefits hits women harder as they are more dependent on benefits due to their low wages. Our pensions (if we have them; so many women work in the informal sector) are lower, reflecting those low wages. Rather than offer childcare and social care free at the point of demand, these social responsibilities are treated as though they are women's natural role in society. So much of what women have struggled for in the past is still a struggle in the present.

If anyone thought that the recognition of the importance of women's labour (both paid and unpaid in the home) would change following the revelations during the COVID pandemic in terms of pay, benefits, and working conditions of women in traditional women's labour or enable a transformation ensuring high quality free childcare on demand and a complete transformation in social support, assistance, and care for older and disabled people, they were quickly disabused of that delusion. As is usually the case, all that women saw in response to the "unveiling" of women's oppression and exploitation was lots of talk from politicians and little, if any, action.

SUSAN PASHKOFF

P.S.

• Anti*capitalist Resistance. 15 Mar 2023:

https://anticapitalistresistance.org/starmers-plans-not-enough/

Footnotes

[1] http://www.livingwage.org.uk/employee-jobs-below-real-living-wage-2022

[2] https://wbg.org.uk/analysis/uk-policy-briefings/crises-collide-women-and-covid-19/