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Helping the Poor, the British Way

By PAUL KRUGMAN

It's the season for charitable giving. And far too many Americans, particularly children, need that charity.

Scenes of a devastated New Orleans reminded us that many of our fellow citizens remain poor, four decades after L.B.J. declared war on poverty. But I'm not sure whether people understand how little progress we've made. In 1969, fewer than one in every seven American children lived below the poverty line. Last year, although the country was far wealthier, more than one in every six American children were poor.

And there's no excuse for our lack of progress. Just look at what the British government has accomplished over the last decade.

Although Tony Blair has been President Bush's obedient manservant when it comes to Iraq, Mr. Blair's domestic policies are nothing like Mr. Bush's. Where Mr. Bush has sought to privatize the social safety net, Mr. Blair's Labor government has defended and strengthened it. Where Mr. Bush and his allies accuse anyone who mentions income distribution of "class warfare," the Blair government has made a major effort to reverse the surge in inequality and poverty that took place during the Thatcher years.

And Britain's poverty rate, if measured American-style — that is, in terms of a fixed poverty line, not a moving target that rises as the nation grows richer — has been cut in half since Labor came to power in 1997.

Britain's war on poverty has been led by Gordon Brown, the chancellor of the exchequer and Mr. Blair's heir apparent. There's nothing exotic about his policies, many of which are inspired by American models. But in Britain, these policies are carried out with much more determination.

For example, Britain didn't have a minimum wage until 1999 — but at current exchange rates Britain's minimum wage rate is now about twice as high as ours. Britain's child benefit is more generous than America's child tax credit, and it's available to everyone, even those too poor to pay income taxes. Britain's tax credit for low-wage workers is similar to the U.S. earned-income tax credit, but substantially larger.

And don't forget that Britain's universal health care system ensures that no one has to fear going without medical care or being bankrupted by doctors' bills.

The Blair government hasn't achieved all its domestic goals. Income inequality has been stabilized but not substantially reduced: as in America, the richest 1 percent have pulled away from everyone else, though not to the same extent. The decline in child poverty, though impressive, has fallen short of the government's ambitious goals. And the government's policies don't seem to have helped a persistent underclass of the very poor.

But there's no denying that the Blair government has done a lot for Britain's have-nots. Modern Britain isn't paradise on earth, but the Blair government has ensured that substantially fewer people are living in economic hell. Providing a strong social safety net requires a higher overall rate of taxation than Americans are accustomed to, but Britain's tax burden hasn't undermined the economy's growth.

What are the lessons to be learned from across the pond?

First, government truly can be a force for good. Decades of propaganda have conditioned many Americans to assume that government is always incompetent — and the current administration has done its best to turn that into a self-fulfilling prophecy. But the Blair years have shown that a government that seriously tries to reduce poverty can achieve a lot.

Second, it really helps to have politicians who are serious about governing, rather than devoting themselves entirely to amassing power and rewarding cronies.

While researching this article, I was startled by the sheer rationality of British policy discussion, as compared with the cynical posturing that passes for policy discourse in George Bush's America. Instead of making grandiose promises that are quickly forgotten — like Mr. Bush's promise of "bold action" to confront poverty after Hurricane Katrina — British Labor politicians propose specific policies with well-defined goals. And when actual results fall short of those goals, they face the facts rather than trying to suppress them and sliming the critics.

The moral of my Christmas story is that fighting poverty isn't easy, but it can be done. Giving in to cynicism and accepting the persistence of widespread poverty even as the rich get ever richer is a choice that our politicians have made. And we should be ashamed of that choice.