

# A feminist analysis of neoliberalism and austerity policies in the UK

Ruth Pearson

Women are increasingly treated as an expandable and costless resource that can absorb all the extra work that results from cuts to the resources that sustain life.

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**T**here is considerable debate on the defining features of neoliberal thought and practice. However, there does appear to be a consensus on the fact that it emphasises minimum state intervention and the extension of market relations into all aspects of economic activity. The resulting withdrawal of the state from responsibility for the economic security of its citizens clearly has an impact on social security and public services; and it also has the effect of transferring risk from the collective to the individual. And, given the ways in which markets and economic relations are gendered, it is women who are bearing the brunt of these policies.

UK governments since 2010 have translated the notion of reducing state intervention not only as deregulation, but also as the elimination of the notional annual budget deficit, and a reduction of the accumulated debt-to-GDP ratio. This is their justification for the draconian austerity measures they have introduced. However, the government's enthusiasm for pursuing these targets by cutting public

## A feminist analysis of neoliberalism and austerity policies

expenditure rather than increasing tax and other government revenues reveals the neoliberal ideology behind these policies.

This article demonstrates that the ways in which these fiscal targets have been designed and implemented have disproportionately affected women, particularly low-income and BAME women. It also makes the case for investment in the social infrastructure as an engine of sustainable economic growth, and argues against a focus solely on investment in physical infrastructure and the creation of paid employment.

### **Gendered structures of the economy**

Feminist economics goes beyond chronicling the impact on women of policies that privilege markets and money over people, important though that is. It also, crucially, provides an understanding of the economy as a gendered structure. It shows that decisions about economic policies - the determination of where investment is increased and where it is withdrawn, which services will flourish and which will be run down, whose living standards will be protected or boosted and whose reduced - are not gender neutral, even though they may make no explicit reference to gender.

Feminist economics also provides a basis for an alternative economic strategy, which insists on the incorporation of reproductive and care work into economic analysis and economic policies - a feminist Plan F<sup>1</sup>

Against the prevailing orthodoxy of economic policy as a gender neutral terrain, the Women's Budget Group, in addition to its analysis of specific policies and regulations, has systematically developed an alternative framework for understanding the economy: this challenges the privileging of the financial economy that is inherent in the neoliberal framework, but is also critical of the productive economy of the neo-Keynesians, which emphasises investment in the physical infrastructure and the output of manufacturing and allied sectors. Instead, as feminist economists we consider that the reproductive economy - that is, those human activities which are necessary to sustain the biological, daily and generational reproduction of people - must be a central priority for an economic strategy that is committed to equality and economic justice for all. And this, in turn, means that the social infrastructure - which includes the human labour, creativity, care and compassion which is the basis of an equitable society - should be a central concern of economic policy.<sup>2</sup>

# Soundings

## **Austerity measures - expenditure and taxation**

As austerity has been rolled out in the UK since 2010, it has been clear that Conservative and Conservative-led governments have had other priorities. In spite of their legal obligation to consider the gender impact of public policy (the ‘equality duty’), these administrations have ignored the reality of the way the economy functions in real time and space, introducing measures which pay no attention to the gendered division of labour, especially in terms of the unpaid work involved in household reproduction. On the contrary, their policies treat women, who have the largest responsibility for these activities, as an expandable and costless resource which can absorb all the extra work that is a necessary corollary of the reduction of the state and collective resources which help sustain life. The resources that are being whittled away include primary and secondary health care, comprehensive and appropriate child care for pre-school infants and children, education expenditure at all levels, and affordable and regulated housing and social care for older people and those whose disabilities or sickness prevent them from actively participating in the labour market.

The Women’s Budget Group has recently undertaken far-ranging research to understand the impact of different austerity measures on women in the UK. Going beyond the frequently repeated claims that women have borne the brunt of austerity policies, the group has drilled down into available statistical data, as well as carrying out new research, including joint work with a range of partners, to reveal which measures have impacted on women, and, crucially, which women have been most affected by fiscal and other policies over the last decade.

The most apparent attack on the living standards of the poorest and most vulnerable women in the UK has come from cuts in the social security system. Assuming no further changes in government policy, it is estimated that cuts in total expenditure on welfare and benefit payments will total £37 billion a year by 2020. This includes cuts to working age benefits such as tax credits, local housing allowances, disability benefits and earnings allowances; and it also includes an increase in the amount of benefit that is cut in proportion to earnings under Universal Credit, the limiting of tax credits and Universal Credit for children to two only, the imposition of maximum benefit caps, and a draconian increase in benefit sanctions. Women are hit harder than men by cuts to in-work benefits because they

## A feminist analysis of neoliberalism and austerity policies

already face labour market discrimination, and the gender pay gap.<sup>3</sup>

It is instructive to compare these cuts with the estimated total of £41 billion cuts in taxation over the same period - including cuts to corporation tax, fuel and alcohol duties and changes in the income tax and national insurance thresholds.<sup>4</sup> These figures on their own illustrate the ideological construction of government policy on austerity: it has frequently insisted that 'there is no alternative', when clearly it has chosen an alternative which effectively increases the government deficit, but also redistributes income away from the poorest groups - those in receipt of in-work and social security benefits - and towards higher income-tax payers and those liable to income taxes on property, capital gains and financial transactions.

### Impact on women

Women are more affected by austerity measures not only because they already earn lower wages in a gender discriminating labour market; they are also more affected by cuts in services because they bear the major responsibility for family wellbeing through their unpaid work to ensure daily and generational reproduction - to support family members as well as themselves - and this makes them more reliant on state and collective service provision.

Not surprisingly, then, WBG research, in partnership with the Runnymede Trust, found that the very same groups which have been hardest hit by the tax and benefit changes are also those that have been hardest hit by cuts to public services.<sup>5</sup> The poorest families have lost the most, with a predicted average drop in living standards of around 17 per cent by 2020. Lone mothers - who represent 92 per cent of lone parents - will experience a drop in living standards of 18 per cent. Black and Asian households in the lowest fifth of incomes will experience the highest drop in living standards - of 19.2 per cent and 20.1 per cent respectively. (This equates to a real-terms annual average loss in living standards of £8407 and £11,678.<sup>6</sup>)

One of the changes which has most directly impacted on BAME women is the benefit cap, which limits child benefits to two children per family, and limits total receipts to £20,000 per year per household (£23,000 in Greater London) - a cut from the 2013 ceiling of £26,000. Recent data released by the Department of Work and Pensions indicates that 120,297 single claimant women have had their benefits capped, compared with just 13,743 men, with the vast majority of these being

## Soundings

mothers of dependent children. This has resulted in an increase in poverty, and an average gap between rent and housing benefits of £3750 per year.<sup>7</sup> BAME women are more likely to be affected by these measures because they tend to be concentrated in the urban centres of big cities, where rents are higher than the national average, and they are more likely to have three or more dependent children.

Income losses as the result of the introduction of the new Universal Credit system have affected employed women claiming in-work benefits more than men; and black employed women are set to lose the most, around £1500 a year. At the time of writing it seems that the entrails of the current Conservative government may have at last begun to acknowledge that certain elements of its welfare reforms, and the roll-out of Universal Credit, are unsustainable, with current DWP Secretary of State Amber Rudd announcing the postponement of some additional measures. But there has been no sign of change on a number of issues: there has been no move away from the assumption that Universal Credit will be paid to a single claimant rather than as split payments (currently women may apply to have a split payment, but those in abusive relationships are unlikely to be able to make such an application); no move on the proposal that by default child-related payments should be made to the main carer, as they were before child benefits were amalgamated into UC; no definitive shift on the delay of five to six weeks before the first UC payment is received; and no revoking of the infamous 'rape clause' (where claimants have to prove violence or coercion before 'extra' children can be included in a family claim that exceeds the two-children limit). Other continuing problems include the system's disincentives for second earners; the arbitrary and unreasonable application of sanctions (effective suspension of all payments); and the requirement on parents of 3 to 4 year olds, including lone parents, to be available for work.<sup>8</sup>

The government has argued that changes to the National Minimum Wage and personal taxation systems will compensate for the reduction in benefits. But it is clear that families with single earners or no earners do not gain much from these changes, and it is also evident that the reduction in the earnings allowance under Universal Credit (not to mention the delays in payments) means that part-time women workers, as well as other claimants, are facing significant reductions in household income.

The impact of reductions in income is generally clearly understood, in spite of government protestations to the contrary. But the impact of austerity-driven

## A feminist analysis of neoliberalism and austerity policies

reductions in public spending is less apparent. Yet public spending cuts will have the largest impact on people on the lowest incomes, and households with children will lose the most from public service cuts, both in cash terms and as a percentage of their living standards.

The effect of cuts in real terms to NHS services has led to increased waiting times for treatment in both acute and primary care, and there has been a growing trend of cancelling and postponing operations and outpatients appointments, and an increase in the time spent waiting for ambulances, as well as waiting in ambulances for emergency hospital admissions. Meanwhile the decimation of domiciliary care services has put additional pressure on the health service, while cuts in the public transport system make it difficult for many families to access appropriate health care and support.

The pressure on NHS services affects women disproportionately: women made up 55.2 per cent of hospital admissions in 2015-16, and 77 per cent of the NHS workforce are women. In addition, women bear the brunt of the additional burdens of looking after family members who need ongoing or immediate health care, and also of organising their access to an ever more difficult NHS system. BAME women are in many instances harder hit because their health issues and experiences of health care differ from that of non-BAME women and all men.<sup>9</sup>

Moreover, BAME women often face direct discrimination as the result of the ways in which health service budget cuts have been targeted and implemented. GPs are frequently refusing to treat women whose residence permit for the UK includes the condition that they have no recourse to public funds, and many people from minority communities, regardless of their nationality or citizen status, are having their access to hospital services challenged by a bureaucracy seeking to make non UK residents liable for their health charges in the NHS. This has been encouraged by the Home Office's policy of creating a hostile environment for migrants - which frequently spills over in the treatment of BAME UK residents and citizens. Cuts in interpretation services can also delay treatment for those who need it, and this exacerbates the difficulties all communities now face in accessing mental health services.

Women are also dealing with the cuts in education spending, starting with the abolition of the Education Maintenance Allowance in 2010, which under the previous (Labour) government was paid to post-16 learners from low-income families, to help them stay in education. The Discretionary Bursary Fund with

## Soundings

which the Coalition government replaced it had £180 million made available to it, compared to the £560 million for EMA. A quality impact assessment of EMA carried out in 2009 showed that it was particularly important in helping teenage mothers, young people with special needs and BAME girls and young women to stay in education.

A follow-up study of the 16-19 Bursary Fund in 2014 showed a decrease in participation in post-16 education, which was greater for students from poorer families, BAME students and male students. Whilst female students thus retained their slightly better education participation rate, it should be remembered that it is parents, and often lone mothers, who have to cope with the issues facing young people who are not in education, employment or training (often referred to as NEETs); these include depression, violence, addiction and illegal activity. Young women who did manage to remain in education after the age of 16 reported pressures arising from juggling formal work, study and caring responsibilities.

Meanwhile the assault on educational opportunities for children from low-income families continues to mount. Funding for further education and skills was reduced by 14 per cent between 2010-11 and 2014-5, and funding for the Adult Skills budget fell by 29 per cent in the same period. Minority communities also suffered from the impact of changes to ESOL funding (English for Speakers of Other Languages), services which were predominantly used by women who were economically inactive. Higher education suffered from a series of changes to financial support which particularly impacted on low-income families as tuition fees rose and the threshold for repayment of loans was frozen.

Publicly funded pre-school childcare is another area where austerity policies have destroyed a range of programmes which were specifically designed to support low-income families. Sure Start centres, a flagship programme established under the previous Labour government, offered comprehensive child care for working parents, as well as a range of complementary services including training courses, financial literacy and parenting. Research shows that good quality early years provision makes a substantial difference in the development of children, particularly those who come from the poorest homes;<sup>10</sup> yet some 1000 centres were closed between 2010 and 2018, and continuing cuts to local budgets have put the future of the remaining centres in doubt. Far from the original vision of an open-access, neighbourhood-based facility for parents and preschool children, the services have been continually

## A feminist analysis of neoliberalism and austerity policies

hollowed out and are now mainly targeted at ‘problem families’. Current policies offer an entitlement to 15 hours a week (term-time only) of free childcare to all parents, with an extra potential 15 hours of entitlement to low-income, in-work parents, and there has also been the introduction of tax-free child care (both in 2017). But these benefits exclude children from the most disadvantaged households, many of which are below the tax threshold, and particularly those where parents work full-time but are unable to find registered child-care providers that match their work schedules. The suppliers are virtually all private providers, and the financial support available under Universal Credit does not compensate for increasing childcare costs and the lack of adequate supply of good quality and flexible childcare for working parents.<sup>11</sup> Childcare in the UK is now the most expensive in Europe and accounts for around 30 per cent of the income of dual-earner families on median incomes, and around 20 per cent for 1.5-earner couples.

### Social care

The ongoing refusal by the government to address the deficiencies in the social care system, in the face of growing demand from older people requiring domiciliary and residential care, is a direct reflection of the way austerity policies have been applied with scant attention to women’s paid and unpaid work in social care. It is estimated that £1.5 billion will be needed in 2020-21, and £6.1 billion by 2030-31, just to return to the totally inadequate spending levels of 2015-16, while a 36 per cent rise in spending would be needed in 2019 to meet the levels of care in 2009-10 - a time when social care was already widely seen as underfunded. Local authorities have faced a reduction of £5 billion in social care budgets between 2010 and 2017, and the 2-3 per cent extra council tax local authorities are now allowed to raise to pay for social care, and additional £2 billion in the 2019 spring budget, do not compensate for this. Furthermore, the decision to fund social care through council tax or local business rates will deepen regional inequalities, as the local authorities with the greatest demand for services are those that are least able to raise funds through local taxes. Meanwhile the number of adults in receipt of these services has decreased by 33 per cent, leaving approximately 1.2 million people aged 65 and over in England with unmet care needs - an increase of 46 per cent since 2010.<sup>12</sup>

It clear that women are bearing the brunt of the care crisis.<sup>13</sup> They are often

# Soundings

expected to step in to fill the gap when the state fails to provide care services. There are over 7 million family members and friends providing unpaid care in the UK, and nearly 60 per cent of them are women. Reductions in formal care services put a greater burden on unpaid carers. Between 2005 and 2014 the number of hours of unpaid care given increased by 25 per cent, from 6.5 to 8.1 million hours a year.

Women are also over-represented among low-paid care workers, and are more likely to be care recipients themselves. They are thus among those most affected by the ongoing funding deficit in the paid care sector.

The paid-care sector itself is facing a recruitment and retention crisis due to poor pay and working conditions, and that will worsen considerably as the result of Brexit. The combined effects of the funding crisis and the outsourcing by local authorities of residential and domiciliary care have led to increasing instability in this sector. Between 2010 and 2016 the number of care homes in England fell from 18,000 to 12,000. In the six months to May 2018, 66 per cent of councils had domiciliary or residential care providers close or cease trading, or had contracts given back.

## **Investment in the social infrastructure**

Others have recognised the need for more public expenditure, including the demand for a social investment state.<sup>14</sup> The WBG has sought to develop a more grounded analysis which details the ways in which austerity policies have had particular impacts on the poorest and most vulnerable sectors of the UK population. This is based on an intersectional analysis of class, ethnicity and gender, and particularly on understanding the gendered responsibility that women shoulder in terms of daily and generational reproduction, including the care of those too young, too old or too incapacitated to participate on an equal basis.

However a feminist strategy for a gender equitable economy needs to embrace a vision of an alternative economic logic. It is clear that an economy that is sustainable and stable in the long term and is not based in exploitative gender and other relations needs a more holistic notion of investment than the narrow Keynesian idea of investing in physical infrastructure.<sup>15</sup> The imperative of investing in the social infrastructure is equally important. This is not only an argument about the need for investment in quality services that contribute to the daily and

## A feminist analysis of neoliberalism and austerity policies

generational reproduction of people, and help secure an environment that supports well-being, health and quality of life across their life course. It is also an economic argument: public investment in the social infrastructure - in skilled and trained teachers, health and social care workers, and in schools, hospitals, clinics and day centres - delivers benefits to the economy in the short, medium and long term.<sup>16</sup> For example, additional investment in affordable child-care services would enable more women to remain in or re-enter the labour force after maternity, improve the intellectual development of otherwise marginalised or vulnerable children, and provide additional tax revenues, which could offset at least part of the costs of public expenditure on such services.

Similar arguments can be made about investment in appropriate quality health services, and in good and flexible care at the point when older people require support to enjoy a high quality of life. But these are issues whose importance extends beyond the quality of life of different groups of the population. There is also a direct link here with the productivity of the workforce, and the prospects for long-term sustainable economic growth.

An approach based on investment in social infrastructure stands in stark contrast to the neoliberal ideology that underpins austerity policies, and which seeks to make individuals, rather than the collective, responsible for their own economic destiny.

Neoliberal thinking is based on misleading and inaccurate assumptions about how the economy functions: it does not take into account the centrality of reproductive work. Yet, once the contribution of this work to the production of people at different points throughout their life course is recognised, the ways in which reproductive services are produced becomes central to any analysis. Crucially, it allows an understanding that, if the costs of reproductive services such as child care or elder care have to be paid for from wages and salaries, or from social security payments - rather than being provided by public services in local or central government - the result will inevitably be an increasing reliance on unpaid family carers. In the longer term this is bad for the economy as a whole, as well as placing unfair burdens on women.

As public services such as education, health care, youth services or the provision of low-rent housing are successively diminished, and responsibility for addressing their inadequacies is moved from the collective to the individual, recreating a political fightback against the economics of austerity becomes increasingly more

# Soundings

difficult. For this reason, the reversal of austerity policies and the reimagining and installation of pro-equality economic policies must be a central priority within the wider political and ideological resistance to neoliberalism.<sup>17</sup>

**Ruth Pearson** is a feminist economist and Emeritus Professor of Development Studies at Leeds University. She has researched and written about women's work in the global economy since the 1970s, focusing in recent years on migrant workers and gendered globalisation. She is a member of the UK Women's Budget Group and Home Workers Worldwide. She is co-author, with Sundari Anitha, of *Striking Women: Struggles and strategies of South Asian women workers from Grunwick to Gate Gourmet*, L&W 2018.

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## Notes

1. Ruth Pearson and Diane Elson, 'Transcending the impact of the financial crisis in the United Kingdom: towards plan F - a feminist economic strategy', *Feminist Review*, Volume 109, No 1, 2015, DOI <https://doi.org/10.1057>.
2. Generational reproduction refers not only to the caring and educating of the next generation of human beings but also to the reproduction of the natural and resource environment that is needed to sustain future generations of people.
3. Diane Elson, 'Intersecting Inequalities: The impact of austerity on women in the UK', Evidence to the Treasury Select Committee, 6 December 2019: [www.wbg.org.uk/blog/austerity-hits-women-hardest](http://www.wbg.org.uk/blog/austerity-hits-women-hardest).
4. <https://wbg.org.uk/wp-content/uploads/2018/10/Taxation-October-2018-w-cover-1.pdf>.
5. [www.wbg.org.uk/wp-content/uploads/2018/08/intersecting-inequalities-October-2017-Full-Report-pdf](http://www.wbg.org.uk/wp-content/uploads/2018/08/intersecting-inequalities-October-2017-Full-Report-pdf).
6. <https://wbg.org.uk/analysis/intersecting-inequalities/>.
7. [www.theguardian.com/society/2019/jan/04/benefit-cap-single-mothers-make-up-85percent-of-those-affected-data-shows](http://www.theguardian.com/society/2019/jan/04/benefit-cap-single-mothers-make-up-85percent-of-those-affected-data-shows).
8. <https://wbg.org.uk/media/press-releases/amber-rudds-announcement-is-this-the-start-of-further-scrutiny-of-universal-credit>.
9. For example, BAME women are more likely to suffer from long-term illnesses including hearing and vascular problems and diabetes. See <http://wbg.org.uk/wp-content/uploads/2018/08/Intersecting-Inequalities-October-2017-Full-Report.pdf>.
10. [www.suttontrust.com/research-paper/sure-start-childrens-centres-england/](http://www.suttontrust.com/research-paper/sure-start-childrens-centres-england/).
11. [www.gingerbread.org.uk/information/childcare/childcare-options-youre-getting-universal-credit/](http://www.gingerbread.org.uk/information/childcare/childcare-options-youre-getting-universal-credit/). See also: <https://wbg.org.uk/wp-content/uploads/2018/10/Childcare->

## A feminist analysis of neoliberalism and austerity policies

October-2018-w-cover-1.pdf.

12. <https://wbg.org.uk/wp-content/uploads/2018/10/Social-Care-November-2018-w-cover.pdf>.

13. The details of the care deficit are set out in a Commission on care undertaken by the PSA with the Women's Budget Group and University of Warwick: [www.commissiononcare.org/wp-content/uploads/2016/10/Web-Care-Commission-Towards-a-new-deal-for-care-and-carers-v1.0.pdf](http://www.commissiononcare.org/wp-content/uploads/2016/10/Web-Care-Commission-Towards-a-new-deal-for-care-and-carers-v1.0.pdf). Figures given in this paragraph are based on this report.

14. See for example, Sylvia Walby's recent articles in Soundings: [www.lwbooks.co.uk/soundings/68/the-concept-of-inclusive-economic-growth](http://www.lwbooks.co.uk/soundings/68/the-concept-of-inclusive-economic-growth); and [www.lwbooks.co.uk/soundings/69/policies-for-inclusive-economic-growth](http://www.lwbooks.co.uk/soundings/69/policies-for-inclusive-economic-growth).

15. There is not space here to go into the arguments about environmental sustainability and growth. Suffice it to say that growth based on the expansion of care services does not have detrimental environmental effects.

16. Recent research has demonstrated that investment in the social infrastructure can deliver positive results for economic growth as well as employment and incomes for women and other disadvantaged groups. Research carried out by the WBG for ITUC demonstrated that investing public funds in childcare and elder care services is more effective in reducing public deficits and debt than austerity policies: it would boost employment, earnings and economic growth, and fosters gender equality: <https://wbg.org.uk/analysis/investing-2-of-gdp-in-care-industries-could-create-1-5-million-jobs/>.

17. The Women's Budget group is currently undertaking a Commission on a Gender Equal Economy. See: <https://wbg.org.uk/blog/reshaping-the-economy-to-work-for-all-new-commission-on-a-gender-equal-economy>.