

Labour could end much child poverty overnight. It won't...

Published: January 12, 2026, 8:47 pm

Larry Elliott [has an article in the Guardian today](#) with this heading:



As Larry says:

The first real test of Labour's hardline approach to public spending has surfaced within a week of the party taking office – and it is a big one.

The issue is child poverty and in particular the [two-child benefit limit](#) introduced by the Conservatives in April 2017. This prevents households from claiming universal credit or child tax credit for a third or any subsequent child born after this date.

For good reason, the two-child limit is loathed by many Labour MPs because while having no impact on the number of children families have, it has had the predictable result of increasing poverty.

There is no doubt that many Labour MPs hate this cap and think their leadership is wrong for supporting it. And as Larry also noted, having recorded that the cap would supposedly cost £1.7 billion to remove, it is wholly unnecessary:

Finally, £1.7bn is a tiny sum in the context of a £2.7tn economy, and there are plenty of ways the chancellor, Rachel Reeves, could find it without any difficulty. As the tax

expert [Richard Murphy](#) has shown, taxing capital gains at the same rate as income would net the Treasury £12bn a year, while restricting tax relief on pensions to the basic rate of income tax would raise a further £14.5bn. Removing the losses the Bank of England makes on its gilt holdings from the way the government's debt rule is calculated would raise an estimated £20bn, according to the consultancy Oxford Economics.

As a result I Tweeted this:



No doubt I will lose more followers on Twitter as a result, and if those leaving object to me telling the truth, I really do not care.

Labour is choosing to impose child poverty in the UK. And that is utterly unforgivable when the ways of relieving it are so readily available.

I called the Tories charlatans for favouring the wealthy in society at cost to those least well off. I will do the same now Labour is intent on reprising their performance. They are as objectionable, and maybe more so, for pretending that they are part of a Labour party and therefore care as a result when they do nothing of the sort.