

Why do we still have poverty?

<https://www.taxresearch.org.uk/Blog/2025/11/30/why-do-we-still-have-poverty/>

Published: January 12, 2026, 8:24 pm

Why does poverty still exist in one of the richest countries on earth? In this video, I respond to a claim made by Mark Littlewood that poverty “should be over” because the UK spends £300bn a year on benefits.

This video explains how antisocial neoliberal economics deliberately creates poverty — using fear and insecurity to keep wages low, rents high, and wealth flowing up to the richest. Redistribution in that case is not a luxury — it’s justice.

https://www.youtube.com/watch?v=GfihKzPmRIg&si=hHO_EPNDK2x0dVCY

This is the audio version:

https://www.podbean.com/player-v2/?i=b2trt-19d6d79-pb&from=pb6admin&share=1&download=1&rtl=0&fonts=Arial&skin=f6f6f6&font-color=auto&logo_link=episode_page&btn-skin=c73a3a

This is the transcript:

Why do we still have poverty? That is a question that was posed to Jeremy Vine and me by Mark Littlewood when we were on air discussing the budget on Wednesday, 26th November. I have discussed the budget on air with Mark and Jeremy for the last 15 years, almost without exception. According to Radio Two, we are the dream team for that process because we never agree with each other, and that's unsurprising.

Mark Littlewood is the former director of the Institute of Economic Affairs, a right-wing Tufton Street think-tank, and he is now the economic spokesperson for some Tory think-tank which represents Liz Truss.

There is very obviously very little common ground between us, but even so, I was taken aback when Mark Littlewood actually said out loud, " Surely poverty should be over now, when benefits of £300 plus billion a year have been paid for so long?" It was a staggering question; staggering because what he was clearly trying to do was blame people for being poor, when he must know the economic system that he promotes creates the poverty from which they're suffering, and he even wanted to blame pensioners for the poverty of the country at large, when they've done their job by now.

So, what was this all about? Mark was clearly not really asking a question about poverty because he must know that poverty is a reality for many people living in this country, and it has not been relieved by £300 plus billion worth of benefits a year. And instead, this was a question that sought to transfer the blame for poverty onto those who were receiving benefits rather than those who have exploited them and left them in dire financial circumstances.

Let's be clear. Forty-five years of antisocial, neoliberal economics have left us with an economy which is designed to extract wealth from people who work. What it does is transfer the profits that they make as a consequence of their efforts to a few, so that wealth is concentrated at the top of the economic system within our society, and economic insecurity is focused on those who have to work for a living and who do not have capital of their own. And this system is designed to discipline workers by threatening them with poverty benefits if anything should go wrong in their lives.

That's not by chance. This is deliberate. Poverty is actually a policy tool within antisocial neoliberalism. The fear that it drives keeps wages low, and rights right down there as well.

That £300 billion of benefits to which Mark Littlewood referred includes £175 billion, or thereabouts, of state pensions a year. And his question was, "Why are we paying that to people who don't need it?" He might have been targeting me, after all, I am an old-age pensioner, but I'm also working. But I have paid my national insurance and taxes throughout life, always on the promise that in exchange I would one day get an old-age pension, and I've claimed it, and I'm entitled to it, and why not?

But apparently, he doesn't think that's the contract I entered into. The state, as far as he is concerned, has no obligation; my only duty is to it.

In addition to that, £175 billion of state pensions, around £35 billion is paid in disability support. And let's be clear what Mark meant when he questioned why that is paid. He's questioning whether people are really disabled.

He doesn't understand that some people actually can't literally live without financial assistance to provide them with the support that they require, and that isn't always for disabilities that are visually apparent, of course. There are people with depression. There are people with anxiety. There are people who have autism. There are people who are unable to work because the world of work doesn't want them because they do, for example, have ADHD. All of these things are literally impediments to people being able to live, work, and survive in our society, and yet he questions why we should pay for the people who suffer them.

And in addition, there's also £30 billion a year of housing credits paid to landlords, because let's be clear, if you do benefit from a housing subsidy through the social security system, then it is your landlord who receives the money, and not you. So this is, in effect, a subsidy to landlords.

And on top of that, and to balance up all these numbers, there is, in effect, universal credit, the vast majority of which is paid to people who are in work. Universal Credit is there to provide an effective wage subsidy when employers, large employers in the main - supermarkets and hospitality businesses, but others as well - do not pay wages that are high enough for people to be able to afford to live in the communities where they work.

That is why we have benefit bills.

This is not about providing poverty relief as such; most of this is about protecting wealth.

It's protecting wealth from the fact that there would otherwise be people, old-age pensioners, living on the streets.

It's protecting wealth from the claims of those who have disabilities.

It's subsidising rents, and it's subsidising the profits of large companies that will not pay proper living wages.

All of this is necessary because, despite everything that Mark Littlewood would say about his system of economics, wealth has never trickled down. The promise has been that if only we grow the economy, the wealthy will get wealthier, and everybody will see their wealth rise as a consequence. But it hasn't happened.

Instead, wealth has flooded up. High rents, high interest monopoly profits, including the utility bills for electricity, gas, water, and so on, charged by privatised companies which are in the private sector precisely because of the economic system that he promoted, and which has resulted in massive exploitation of people, have all resulted in a transfer of wealth from people who are struggling on low wages to those who quite simply aren't, who are wealthy already.

How does poverty persist? It persists through low wages, high rents, high prices, privatisation, cuts to support, and as a consequence of workers being treated as costs by businesses that simply do not care. And let's be blunt about this; economists who do not care either.

Benefits do, in practice, keep people alive; it's as basic as that, in most cases, that's what most of that £300 billion does in some way or other. It makes sure that people who are disabled get carers; people who have insufficient food can afford to put it on their table in front of themselves or their children; and benefits stabilise the economy. And the benefit of that is not going largely to those on the lowest pay, but to those for whom this economy works, who are the wealthy. That is the real situation that we are looking at. The economic system that Mark Littlewood espouses is the cause of the poverty, which he questions.

What would end poverty?

Well, it's clear raising wages would, and we did have an increase in the minimum wage last week, and that's good news, but we are nowhere near providing wages that are sufficient for people to live on.

Affordable housing would have a massive impact, but those of a market persuasion, and Mark Littlewood, who believes markets solve all problems, do not believe in providing affordable housing; they'd believe in letting rents run riot, and that is what they would do if he had his way. People would literally not be able to put a roof over their heads.

Better public services would help because we would provide people with the support that they need so they can integrate into society, so they can work, so they do have the support that is necessary.

And of course, workers' rights would help too because people should have a right to work, even if they do have disabilities, and employers should make accommodations for their needs.

But perhaps most of all, the thing that would make a difference is the thing that would offend Mark Littlewood most, which is the redistribution of income and power within our society.

We should be charging taxes on unearned income. I've explained this in the Taxing Wealth Report, which I wrote in 2024. I've explained it in my Alternative Budget, which was published this November to coincide with Rachel Reeve's budget. I have said that we should be taxing income from rents, from dividends, from interest, and from every form of financial exploitation more. And profits earned from monopolies should be subject to regulation to eliminate them and taxation to prevent the harm that they cause. Redistribution is, in other words, justice.

What are the consequences if we do nothing? Growing poverty, weaker democracy, violence and resentment, and social breakdown. We can see all of those things happening now; people are angry, and this is precisely the reason why they're angry. They're angry because society is failing them, but someone like Mark Littlewood, whose interests are entrenched with those of the wealthy, can't see it.

Poverty persists because the economic system that Mark Littlewood promotes, that of antisocial neoliberal capitalism, requires that poverty exists because it's the basis on which the prosperity of a few is built. Benefits are therefore essential to counter the noxious nature of this system of economic management, which has been subscribed to by every government, whichever its hue, since Margaret Thatcher came to power in 1979 in the UK and Ronald Reagan came to power in the USA in 1980.

There is only one answer to the problem of poverty. That is redistribution, and tax is the most powerful system to deliver that. And so the answer to why we have poverty today is that we don't tax enough; it is as simple, and it is as straightforward as that.

This doesn't mean to say we need a wealth tax straightaway. We might need one in the future, but as I stress, look at what I've written in the Taxing Wealth Report and in my Alternative Budget in November 2025, and you'll see there are many simplest solutions than a wealth tax to achieve this goal of redistribution to a level that would be, well, frankly, revolutionary, but revolutionary in the sense that growth would follow. Because if we gave the people who are in poverty more money and cut their costs of living as we should, by eliminating excess rents and excess interest charges and excess monopoly profits, then they could prosper, and bizarrely so too would the wealthy; and that's the point they don't understand. They'd rather blame than take part in a process of change that would deliver benefit for everyone, themselves included.

So what do you think? Do you think that the problem we have in this country is poor people, and everything is their fault? Or do you think the problem is our economic system of antisocial neoliberal capitalism? Or is our problem the greed of the wealthy themselves and the politicians who serve their interests?

Let us know. There's a poll down below.

Poll

[poll id="263"]

Taking further action

If you want to write a letter to your MP on the issues raised in this blog post, there is a ChatGPT prompt to assist you in doing so, with full instructions, [**here**](#).

**One word of warning, though: please ensure you have the correct MP.
ChatGPT can get it wrong.**

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