The Gendered Burden: An MMT Perspective on the UK Austerity Case

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The United Kingdom is one of the world's wealthiest countries, yet it has seen a significant increase in inequality and poverty since the financial crisis of 2008. The post-crisis austerity policies, which included substantial expenditure cutbacks, lower social security, and labour market deregulation, worsened these problems, disproportionately affecting the most disadvantaged populations, especially women. Austerity measures aimed at decreasing the deficit have resulted in stagnating growth, increased public debt, and increased poverty, with the lowest tenth of the population seeing a shocking 38% drop in net income by 2015 *(Oxfam, 2013)*. Meanwhile, the wealthy have been substantially protected, with the top 1% receiving an ever-increasing percentage of national income.

Women have endured the most of these measures because of their overrepresentation in the public sector—where approximately 900,000 jobs were lost—and their dependency on social services, which were severely reduced. By 2013, female unemployment had reached levels not seen since the 1980s, and cuts to welfare payments, along with growing living costs, had forced millions of women into financial hardship. The gender discrepancy in the impact of austerity is stark: women received 72% of net tax hikes and welfare cutbacks, worsening inequality *(Oxfam, 2013)*.

Looking at the standard of living and gender inequality due to austerity, such systematic erosion of economic security has always existed. Women's financial security has been steadily undermined by the UK's austerity measures since 2010, and the most recent estimates from the Joseph Rowntree Foundation (JRF) show that this problem is far from finished. The 9.4% loss in living standards that women have experienced since austerity began will be worsened by a 6% reduction in disposable income for low-income households, which are disproportionately led by women, by 2030. Political decisions have caused this downward cycle; social security cuts, stagnating wages, and the dismantling of public services have all contributed to gendered poverty. The bulk of public sector employees (900,000 jobs have been lost since 2010) and unpaid caretakers are women, and they are trapped in a vicious cycle. Austerity's designers neglected to take into consideration its intersectional effects, as seen by the JRF's warning that the poorest third of households will endure the most of increased housing prices (£1,400 more yearly for mortgage holders, £300 for renters) and frozen tax thresholds. These increased pressures threaten to drive single moms into irreversible impoverishment, as they will already lose 18% of their living standards by 2024.

This issue might worsen due to the Labour government's projected £5 billion benefits cut that will target disability payments. The impact will be particularly felt by disabled women, whose access to care and employment would be severely restricted. These women have already seen an 11% drop in their standard of life. Unprotected sectors such as local government, which are essential for providing social services, domestic abuse help, and childcare, have had real-term cuts of 45% since 2010, and further austerity measures are in the works. This is a lack of creativity rather than monetary restraint. According to JRF's Alfie Stirling, the government might pick a tax reform that targets richer households (for example, addressing capital gains loopholes) rather than hurting the disadvantaged. However, the persistence on austerity 2.0, despite evidence that it decreases growth and raises debt, proves a steadfast loyalty to failing dogmas. Women's unpaid work, which is currently supporting devastated public services, will be pushed even farther if municipalities go bankrupt and schools, hospitals, and care systems fail.

Since the Labour government's victory in 2024, it has implemented efforts to rectify gender imbalances worsened by 14 years of austerity. These initiatives are a verbal move away from Conservative austerity, but their breadth and funding sources show a continued devotion to fiscal conservatism. Women's economic precarity, a result of austerity's deterioration of worker safeguards, is directly targeted by Labour's extension of statutory maternity pay from day one and prohibition on zero-hours contracts. Nevertheless, the same market-centric paradigm that devalues caregiving is used by these initiatives. The gendered low-pay trap would be more firmly broken by MMT's Federal Job Guarantee, which would create millions of care positions in the public sector at liveable salaries. In a similar vein, MMT tackles sectoral segregation through pay uniformity and public investment, while Labour's reinstatement of day-one unfair dismissal rights aids women in opposing workplace discrimination. In childcare, Labour's increase of subsidised hours and free breakfast clubs starts to counteract austerity's devastation of Sure Start centres. However, even incremental measures pale compared to MMT's goal for universal, free childcare—a policy that would pay for itself by increasing women's labour force participation. Similarly, Labour's deployment of domestic abuse experts in 999 control rooms recognises the crisis in VAWG services following £100 million in austerity cuts. However, without widespread investment in social housing (funded by MMT's Land Value Tax), women escaping abuse are locked in risky private rents. Labour's dedication to "ironclad" fiscal rules—lowering debt-to-GDP ratios—reflects the austerity mindset that has worsened women's poverty. MMT opposes this doctrine, claiming that monetary sovereignty allows for direct funding of public goods without the risk of inflation, if resources such as labour and infrastructure are underused. Labour sustains reliance on means-tested benefits by excluding wealth taxes (e.g., a 1% fee on assets over £10 million, earning £24 billion per year) and central bank-financed employment guarantees while neglecting to dismantle the structures that push women into unpaid care or insecure labour.

The contrast is stark here: MMT promotes fundamental overhauls (taxing extreme wealth, federal care employment, and universal services), while Labour advocates incremental adjustments. Its failure to confront fiscal orthodoxy is proved by the expected £5 billion disability benefit cutbacks, which will disproportionately damage handicapped women, who are already seeing an 11% decline in living standards because of austerity. Without embracing MMT's theory, Labour's policies risk becoming "austerity lite"—mitigating the greatest damages but maintaining the gendered architecture of economic inequality (HM Government, *Gender Equality Roadmap*, n.d.).

Modern monetary theory offers a coherent alternative here. Simply put, current monetary theory states that such governments do not rely on taxes or borrowing for expenditure since they can print as much money as they need and are the monopoly issuers of currency. Because their budgets differ from those of typical households, their decisions should not be influenced by concerns about growing national debt.

The austerity narrative, based on the fiction of "maxed-out" public finances, resulted in significant cuts that disproportionately impacted women. Modern Monetary Theory (MMT) advocates a fundamental break from this approach, recommending the rejection of "deficit hysteria." It contends that for countries like the United Kingdom, which have their own currency, default is not a threat. Rather than pursuing artificial debt-to-GDP aims, the focus should be on using genuine resource capability, such as untapped labour and infrastructure. This demands legislative change, particularly changing the Fiscal Responsibility Act, an act to provide for and in conjunction with the imposition of duties to ensure stable public finances, to emphasize full employment and social well-being over deficit reduction, as proven by Japan's effective handling of significant debt.

Women, who perform the vast bulk of devalued care labor, both paid and unpaid, are locked in poverty or barred from formal employment. To address this, Modern Monetary Theory (MMT) recommends a Federal Job Guarantee (JG), which would create around 2 million public care jobs in critical areas such as childcare, elder care, and National Health Service (NHS) assistance, paying a living wage of £15 or more per hour (*Women's Budget Group Report: A Care-Led Recovery from Coronavirus*, n.d.). This scheme will legitimize unpaid care labor, which is mostly performed by women, narrow gender wage inequities, and reduce reliance on means-tested subsidies. Funding directly from Treasury expenditure via the Bank of England has the potential to cut women's in-work poverty.

The austerity-driven reduction in childcare, social care, and housing support has directly contributed to women's poverty (*View of Unpaid Care, Paid Work and Austerity: A Research Note*, n.d.). The MMT counterproposal includes providing free, high-quality childcare, resulting in significant family savings; extending social housing to drop dependency on exploitative private rents; and improving the NHS with extra personnel, with a focus on maternity and mental health. These programs are investments rather than costs, and inflation concerns may be mitigated by targeting underused resources, such as the UK's jobless labor.

Concurrently, austerity has safeguarded money while undermining basic services, concentrating wealth in the hands of the richest 1% (*Advani, Bangham, & Leslie*, 2020). MMT's solutions include a wealth tax, tax reform, and a Land Value Tax. Taxes, according to MMT, are used largely to manage inflation and redistribute wealth rather than to generate income. If we see the report of HM Revenue and Customs (HMRC) of the United Kingdom, the top 1% has a remarkable £3.7 trillion in wealth, with around 350,000 people owning assets worth more than £10 million. As the Wealth Tax Commission suggested, a 1% tax on wealth over the £10 million level, with modifications for principal residences and pensions, would cover about £2.4 trillion in taxable assets. While a 2% tax rate might collect £48 billion, a more conservative figure of £24 billion based on a 1% rate is utilized to account for possible tax evasion and valuation issues (*HMRC*, 2024).

Finally, the £39 billion in welfare cutbacks that were supposed to reduce the debt-to-GDP ratio have instead increased poverty and failed to achieve their goal (*Ortiz & Cummins*, 2021). MMT recommends issuing perpetual bonds to lock in low rates for social projects and collaborating with the central bank to keep borrowing costs low, citing historical precedent from the United Kingdom's postwar era. Thus, adopting MMT principles offers a realistic way to address the systemic disparities exacerbated by austerity while emphasizing public well-being and economic stability.

Since 2010, the UK's austerity experiment has proven to be a disastrous failure, disproportionately hurting women because of structural cuts to public services, social security, and labor rights. The evidence is clear: women—particularly low-income moms, handicapped women, and unpaid caregivers—have carried 72% of the austerity burden, suffering significant losses in living standards, salaries, and economic security. Despite the Labour government's recent efforts to alleviate these disadvantages, its policies are nevertheless restricted by the same economic dogma that allowed for austerity, with a focus on deficit reduction rather than revolutionary reform. The ultimate effect is an "austerity lite" strategy that tinkers on the fringes while preserving the gendered architecture of inequality. The alternative provided by Modern Monetary Theory (MMT) is radical yet realistic. MMT shows that the UK, as a monetary sovereign, can and should prioritize full employment, universal care infrastructure, and wealth redistribution by dispelling the illusion of "maxed-out" public budgets. As long as real resources (labor, materials, and technology) are mobilized, a Federal Job Guarantee at living wages would formalize women's under-appreciated care labor; a tax on extreme wealth (£24 billion annually from the top 1%) could finance childcare and social housing; and direct central bank financing could rebuild public services without running the risk of inflation. The decision is straightforward: either adopt MMT's framework to build an economy that prioritizes care, justice, and shared prosperity or stick with austerity's flawed logic, sentencing another generation of women to poverty and precarity. The wealth of the United Kingdom is grotesquely unequal, not scarce. Political bravery, not budgetary constraint, is needed to tax, spend, and hire in support of a society where gender equality is a lived reality rather than a catchphrase.

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