



# Am I My Brother's Keeper?

A Christian Overview of  
Welfare Reform and Cuts in Public Spending

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# Executive Summary

In the 1940s, Christians like RH Tawney and William Temple assisted in shaping the Welfare State, understanding it to be: a) a mechanism for remedying the negative consequences of market capitalism; b) a way of addressing social inequality; c) a financial safety-net from cradle to grave that met interruptions to people's ability to care for themselves and their family due to sickness, unemployment or retirement. They encouraged support for the Welfare State through a theology of equality and fellowship which supported the notions of interdependence and mutual service.

Popular and political support for the Welfare State began to break down from the 1970s, as memories of poverty during the Great Depression faded and as social solidarity brought about by the second world war weakened. The development of a neo-liberal market ideology in the 1980s reshaped social attitudes around self-interest, competition and individualism, undermining the foundational values upon which the Welfare State was built. Worryingly, benefit claimants today are increasingly identified as welfare-dependent "scroungers".

In addition to this, an ageing population and changing patterns of employment globally, have meant that successive governments have necessarily sought to reform the Welfare State to make welfare provision sustainable in the long term. The present financial crisis also creates a need for cuts in services and benefits. The way these are being implemented further threaten fundamental principles about our social responsibility to care for the well-being of other people.

In particular, the increasing use of a language of contract in relation to welfare, along with the application of strict time-limits and means-tests to benefits, leaves us far from the original

ideal of universal, unconditional welfare, supported by a sense of mutual equality and common fellowship. There is a need, therefore, for the Church to re-state:

- a) support for the Welfare State as one of the hallmarks of a civilised society in which we exercise genuine care for one another as equal brothers and sisters;
- b) the importance for wealthy people to share their good fortune by responsibly paying their taxes;
- c) the duty of all people to look after themselves in the first instance, as they are able, through work
- d) the need for Government to aim at full-employment in support of the welfare system as a whole.

## Key Observations on Cuts and Reforms

- Local Authorities serving deprived areas are often disproportionately dependent on the government formula grant which, once cut, leaves them having to make greater savings than Local Authorities with lower levels of deprivation.
- Switching the indexing of benefits to the Consumer Price Index will continue to ratchet up poverty long into the future as benefits fail to keep pace with retail price inflation.
- Reforms that narrow the gateway to incapacity and disability benefits will increase unemployment significantly, especially in the old industrial areas of Britain where disproportionately higher numbers of claimants will instead be required to seek work.
- Means-testing child benefit undermines an important universal principle that recognises the additional costs to all who are raising children. This weakens support for the Welfare State, by creating a

system in which some only contribute and never receive.

- Aspects of Universal Credit are to be received positively. It should simplify the benefits system; offer a smoother transition into work by reducing the rate at which benefit is withdrawn as people increase their earnings; and is likely to target resources towards lower income groups.
- More worryingly, Universal Credit favours couples with and without children, leaving lone parents more vulnerable; and workless families are likely to experience substantial losses in benefit under Universal Credit.
- Universal Credit will eventually replace Housing Benefit, but caps on Local Housing Allowances are already adversely affecting families in areas where rents are high. There are concerns that Local Authorities in London will attempt to move families priced out of the market by caps to less expensive parts of the country.
- Capping overall household benefits for couple and lone parent households at £26,000 will adversely affect claimant families with three or more children primarily in areas where rents are high.
- The Discretionary Social Fund is to be abolished in favour of Local Authorities establishing their own schemes. It is important that Local Authorities do this to provide crisis loans and grants to the most vulnerable people—especially those with debts.
- Rises in the state pension age from 2016 will add large numbers of people to the job market, further fuelling unemployment.
- **Conclusions and Policy Recommendations are listed on page 20 of this document.**

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## *A Christian Overview of Welfare Reform and Cuts in Public Spending*

### **Acknowledgements**

Gratitude is due to a number of people who have been consulted in the preparation of this document. Members of the Social Justice Group at CRC offered invaluable comments in re-shaping a complex subject into something that we hope is both readable and useful. I should record special thanks to David Price from Sheffield for the expertise and experience that he always applies to consultations of this nature and for helping to excise some of the more significant faux pas contained in the original draft. Likewise, Alan Deacon, recently retired professor of social policy at Leeds University, has offered amendments that allow the Christian narrative to rest more easily within a broader history of the Welfare State.

The Board at CRC have been an encouraging source of inspiration, under the direction of our new Chair, Rt Hon John Battle, and our previous Chair, Revd Dr David Perry from Hull.

Final thanks are due also and always to Janet Bryer, Administration and Finance Officer, whose organisational skills have a critically important impact on everything that takes place at CRC.

Philip Bee  
Churches Regional Officer  
for Yorkshire and the Humber

November 20th 2012

### ***How to read this publication***

*This policy paper offers a Christian overview of the values that have governed welfare provision since the inception of the Welfare State. These values are compatible with Christian theology in the first instance, beginning with equality, but increasingly give way to the ideology of the market, ending with notions of fecklessness. This narrative is allowed to dominate the pages that follow to ensure that particular changes in welfare are immersed fully in a conversation about values. The embedded text boxes, therefore, are best read in the context of the overall surrounding text.*

*That said, each text box also offers a standalone reference point to allow readers to assess the impact of particular cuts on the communities they inhabit. We hope that our publication will help churches to exercise their unique incarnational ministry of care, and will assist the region's Church leaders to speak as one in support of the Welfare State.*

# Am I My Brother's Keeper?

## A Christian Overview of Welfare Reform and Cuts in Public Spending

### Introduction

The Church is no disinterested bystander to the present wave of welfare reforms and cuts in government expenditure.

Christians have a long history of theological reflection on, and engagement with, the issue of communal care. Ancient Biblical questions echo in the background as the current debate about welfare takes place. "Am I my brother's keeper?" Cain asks God, as he washes his hands of any

responsibility for the well-being of his brother, Abel. "Who is my neighbour?" a lawyer asks Jesus, who then directs him to include those beyond the tribal and familial ties that he is comfortable with. "Do you really want to be made well?" Jesus asks a man whose illness has also left him resigned to a life dependent entirely on others. Whether we are responsible for the well-being of other people, the boundaries to that responsibility, and the obligation to work hard for our

own living, to the extent that we are able, have been key issues throughout Christian history.

The same questions have continued to tax successive governments, intent on reforming welfare over the last thirty years. A welfare consensus that had previously shaped political life broke down in the 1970s around the rising cost of benefits and the fact that the Welfare State appeared not to have reduced social inequality. These concerns

### Focus on...

#### Cuts in Local Authority Budgets

It was announced in the Comprehensive Spending Review of 2010 that the formula grant, which determines a large proportion of each Local Authority's budget, was to be cut by 27% over the four year period from 2011. The DCLG announced that this would adversely affect the spending power of local authorities by an average 4.4% in 2011-12.

Spending power is also determined by the amount of money raised locally through council taxes which is currently fixed, meaning that Local Authorities which are disproportionately dependent upon the Government's formula grant are hit harder by cuts. Predominantly these are the Local Authorities that wrestle with high levels of deprivation. As a result, some Local Authorities' spending power is declining at rates of up to 8.9%, while others see a decline of close to zero. In Wakefield, for example, the formula grant was down from £159m in 2010-11 to £139.8m in 2011-12, a reduction of 12.05%, causing an overall decline in local authority spending power of 4.71%, close to the DCLG's stated average. In Bradford, on the other hand, whilst the formula grant was reduced by only 11.30% from £308.7m to £273.9m, spending power declined by a massive 8.81%. Bradford had to

make disproportionately larger savings than Wakefield, in spite of the fact that the percentage reduction in the formula grant was lower.

In Yorkshire and the Humber, Local Authorities saw their 2010-11 spending power reduced by: Barnsley -7.43%, Bradford -8.81%, Calderdale -4.94%, Craven -6.57%, Doncaster -8.90%, East Riding of Yorkshire -2.89%, Hambleton -6.32%, Harrogate -5.52%, Kingston Upon Hull -8.90%, Kirklees -4.26%, Leeds City -5.02%, North East Lincolnshire -8.90%, North Lincolnshire -4.05%, North Yorkshire County Council -2.05%, Richmondshire -5.83%, Rotherham -4.97%, Ryedale -6.08%, Scarborough -6.57%, Selby District Council -6.40%, Sheffield City Council -8.35%, Wakefield -4.71%, York -3.31%.

Local authorities address one key issue in trying to make savings: should they maintain a wide coverage of trimmed services, or should they maintain services at current levels but target them towards the areas that need them most by limiting their availability? With on-going cuts in the formula grant due year on year as austerity bites harder, life can only become even more difficult for those Local Authorities where deprivation and need is most acute.

have been reinforced by a growing emphasis on market values from the 1980s, so that possessive individualism has taken hold, making tax-payers less willing to fund welfare provision. As a result, the original ideological focus of welfare provision rooted in interdependence has polarised into a debate about benefits dependency and the value of independent living.

Other factors have also been critically important. The United Kingdom's ageing demographic makes it necessary to rethink how to fund welfare in future years; and increasingly competitive international markets are creating less secure forms of employment in Britain as a whole, as well as structural unemployment in those parts of the country which have struggled to adapt after deindustrialisation in the 1980s. The financial crisis of 2008 has added to national debt in ways that have made austerity measures a necessity, but which also provide a smokescreen for cuts in public spending that threaten the original notion of a Welfare State. Whilst it is not possible to claim that Christianity was solely responsible for the systems of national insurance and national health care that were established in the 1940s, it is nevertheless true to say that the principles that supported them were strongly rooted in a Christian vision of the common good, and

**Focus on...**

***Switches in Indexing, the 2010 Emergency Budget and Comprehensive Spending Review***

Given the scale of the financial crisis that had become apparent by May 2010, whichever party was elected to power would probably have set in place large scale cuts in public spending. In the event, the new Coalition Government established an Emergency Budget in the month after the election, supplemented by a Comprehensive Spending Review in October 2010. Estimates indicate that these two actions, taken together, will save the Treasury £81 billion per year by 2014/15. The cuts are presented as being driven by the need for prudent house-keeping.

If we strip out from the £81 billion of annual savings, £46 billion in Government departmental spending, and £10 billion of savings in interest payments generated by the cuts themselves, we are left predominantly with reductions in welfare. Some of these needed no new legislation and others are supported by the Welfare Reform Act (2012).

Of the £11 billion saved in the emergency budget, more than half comes from the ***switch in the indexing of benefits, tax credit, public pensions and Local Housing Allowance***. Using the Consumer Prices Index rather than the ROSSI Index or the Retail Prices Index is expected to save £6.2 billion per year by 2014/15. Assuming that the disparity between the indices remains as it is, that represents an on-going erosion of what people would otherwise have received, effectively ratcheting up poverty long into the future. As one illustration of this, it is calculated that single people in receipt of Employment and Support Allowance, Income Support and Job Seekers Allowance will receive £73.25 per week in 2015/16 as opposed to £75.80<sup>1</sup> because of the new way in which these benefits are uprated. Annualised this represents a withdrawal of more than £130 from the hundreds of thousands of people who receive these benefits and the saving will continue to grow year on year.

championed by Christian thinkers like R H Tawney and Archbishop William Temple.

This perhaps reminds the Church that it is necessary for each generation of God's people to re-articulate their image of a good society. Christians envisage a world in which human beings recognise a fundamental equality under God, a common fellowship with one another and a set of duties and obligations that

proceed from understanding each other in this way. Many of those who set out a blueprint for the modern Welfare State, regarded the above values as axiomatic but also ultimately as dependent upon belief in God. We might wonder, therefore, whether the decline of Christian belief in Britain has also undermined the foundations upon which the Welfare State was erected.

## Focus on...

### **Disability and Welfare**

The Welfare Reform Act replaces the Disability Living Allowance with a **Personal Independence Payment**. This is available to people regardless of income, employment or unemployment, thereby maintaining a principle of universality. However, the gateway to receipt of the new benefit has been tightened in such a way that large numbers of people will no longer qualify. This represents a large saving to the Treasury of over £1 billion per year from 2014/15, but the social consequences of the changes are also dramatic. Child Poverty Action Group's analysis suggests that between 360,000 and 750,000 of the 1.8 million DLA claimants will lose the benefit. Since DLA also acts as an automatic passport to claiming other benefits, the effect of this on individuals will be even more substantial.

**Incapacity Benefit** is also to be reformed and the Centre for Regional Economic and Social Research (CRESR) at Sheffield Hallam University expects that **claimant numbers will be cut by almost a million by 2014**.<sup>2</sup> Of these, 800,000 will be existing claimants who will lose their entitlement because of new rules that narrow the gateway to the benefit. There will be a

far more rigorous medical test for new applicants, the **Work Capability Assessment**, which had already been introduced in 2008 by the Labour administration. Before that, new claimants were simply signed off sick by their GP and six months later undertook a Personal Capability Assessment, run by doctors working for Jobcentre Plus.

The new Work Capability Assessment takes place after just three months and determines what work related activities a person is capable of on a points-based system. Successful applicants may claim **Employment and Support Allowance**, the replacement for Incapacity Benefit. Pilot studies in 2007 suggested that 12 per cent of new claimants who would previously have qualified for Incapacity Benefit would no longer do so, but the failure rate has proved to be much higher.<sup>3</sup>

Current welfare reforms extend this system to existing recipients of Incapacity Benefit. Claimants will be retested under the Work Capability Assessment and either ported through to Employment and Support Allowance or rerouted, if they do not score well enough, to Job Seeker's Allowance. If they fail to qualify for JSA, they will be out of the benefits system altogether.

Furthermore, all those who do

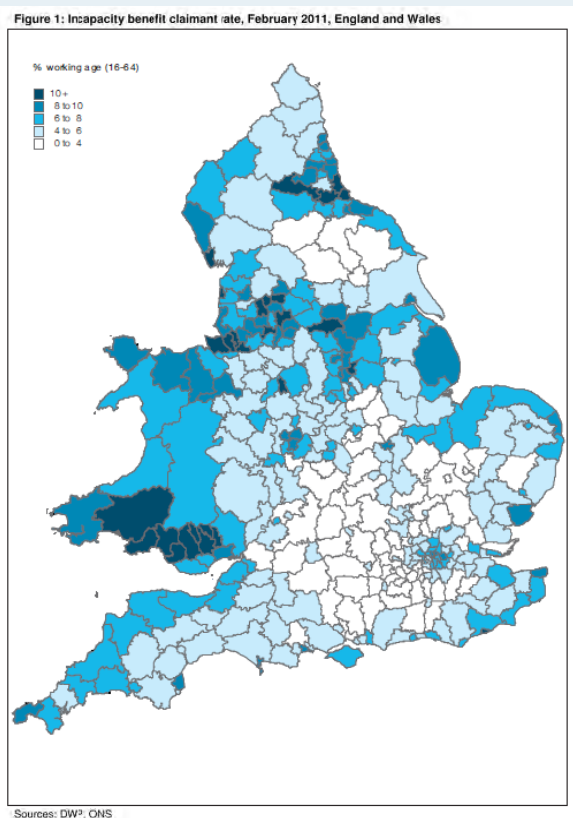
qualify for Employment and Support Allowance will be allocated to one of two groups: a Support Group, because the seriousness of their disability entitles them to unconditional support; or a Work-Related Activity Group which makes receipt of Employment and Support Allowance conditional upon engagement in training, voluntary work or job placements for a few hours a week. The Government has indicated that **mandatory involvement in training and volunteering is intended to make people more "work-ready"**, but it will also help to reduce benefit fraud by making life difficult for those who are simultaneously working and claiming.

The final significant change in Incapacity Benefit reform is the introduction of a **time-limit on entitlements**. On the dubious assumption that unemployment is a temporary interruption to people's work lives, those in the Work-Related Activity Group will have their Employment Support Allowance withdrawn after twelve months. A means-tested version of ESA exists for those without savings or other ways of supporting themselves, but this nevertheless represents a radical shift from the situation under Incapacity Benefit, which was not subject to means-testing.

In estimating the effect of these changes to Incapacity Benefit Reform, the CRESR begins by noting that in January 2011, a total of 2.5 million people were in receipt of Incapacity Benefit, Severe Disablement Allowance or the newer Employment Support Allowance. **By 2014, it is expected that incapacity claimants will be reduced by 970,000.**<sup>4</sup> There will be 140,000 fewer new claimants; 410,000 of those presently in receipt of Incapacity Benefit or Severe Disablement Allowance will be denied Employment Support Allowance; and 420,000 people will have lost non-means-tested Employment Support Allowance by passing the twelve month time limit. Some people will find themselves diverted to claim Job Seeker's Allowance instead, but CRESR believe this will amount to just an additional 280,000 people. Some 580,000 people, "more than a fifth of the existing stock of incapacity claimants will not only be denied access to incapacity benefits but be pushed right off benefits altogether."

CRESR concludes by noting that this will create a huge increase

in compulsory job market engagement. By 2014, 910,000 people who would previously not have had to look for work - 280,000 who have been diverted to JSA and 600,000 in the Work-Related Activity Group - will be seeking employment. This does not include those who have been denied access to benefit and need work too. **Unemployment is set to rise significantly.**



Map 1 - Incapacity Benefit Claimant Rate, Feb 2011

From a northern viewpoint, it is worth noting that there is a highly skewed distribution of incapacity claimants, which will

leave London and the South-east relatively unaffected by these changes compared with other parts of the country. Map 1 shows that incapacity benefit claimants are concentrated into older industrial areas, many of which are located in Yorkshire and the Humber. There is little reason to expect that disabled people on Employment Support Allowance will easily find jobs. Those with a long-term record

of health problems are not usually fit and may well be both deskilled and demotivated. We can assume that a **disproportionately large number of those pushed back into the job market by 2014 will live in northern towns and cities.**

Nationally, unemployment figures will be further swollen by: a) **lone parents who are moved from Income Support to Job Seeker's Allowance when their youngest child becomes five** (rather than

seven), meaning they must actively seek work; b) **rises in the pension age** which will eventually add yet more people to the growing ranks of those seeking employment unless there is an economic recovery of some considerable size.

## Christian Theology and the Birth of the Welfare State

A number of factors coincided in the first half of the twentieth century to create a political settlement that was conducive to the development of the British Welfare State. The dominance of Keynesian economic ideas, in the wake of the 1930s Depression, the impact of war-time collectivism and the increased power of organised labour provided fertile ground for the ideas of people like R H Tawney and Archbishop William Temple. Such Christians were in the vanguard of those who advocated an increased role for the State as a major provider of welfare for its citizens and were close friends of William Beveridge who finally set the system in place.

Tawney's primary contribution to the development of the Welfare State lay in articulating Christian values in secular terms as a way of countering the possessive individualism which was driving capitalism in the early 1900s. Perhaps his most influential book, *Equality*, was published in 1931 and is regarded as profoundly Christian without containing any significant theological language at all. In other writings, it is clear to Tawney not only that personal morality has its origins with God but also that human social order is also judged by God. Social inequality sets groups and

individuals against each other in ways which breaks the bonds of fellowship that are most fully discovered in relationship with God. Contemplation of the infinite greatness of God reduces the differences between human beings to negligibility and all have an equal claim to respect and an equal right to provision for their needs.

This is not to say that individuality is unimportant to Tawney, rather that personality flourishes most fully within a social order which aims to diminish inequality. A meritocratic perspective that espouses equality of opportunity as an alternative to equality of outcome, is parodied as a "tadpole philosophy", in which those who have risen nobly to become frogs permit themselves to lecture the majority they have left behind on the virtues required to be more than mere tadpoles – *"the consolation it offers for social evils consists in the statement that exceptional individuals can succeed in evading them."*<sup>5</sup>

Once equality is understood in this way, Tawney balances it with freedom to provide the foundations for a good society. Freedom is not simply licence to do whatever we want as individuals, but is tempered by mutual respect for those whom we understand as equal with us in the sight of God. The pursuit of equality, or the attempt to

diminish inequality, is for the express purpose of creating a social environment in which individuality and personality can flourish freely in fellowship with all. Tawney never expected complete equality to exist in a Utopian sense, but he did expect society to establish policy goals which aimed at equality on an on-going basis. Writing at a time when class differences were more manifest than today, he believed that the education system should not be allowed to perpetuate privilege and that taxation was not simply for the purpose of providing public services, but also served progressively to redistribute income and wealth.

Tawney's writing was hugely influential, not least upon William Temple, one of the early formulators of the "Welfare State," who was Archbishop of Canterbury from 1942-44. During that time, the Archbishop set out a Christian vision for what would constitute a good post-war society in his popular book, *Christianity and the Social Order*. Temple sees nothing in the human world order to suggest that people are equal. Equality is understood solely as a theological first principle – we are children of God, and equal in relationship before God. It is this understanding and experience which drives Christians to attempt to address the inequalities they see around them. Freedom, fellowship and service emerge as



**Focus on...**  
**Cuts in Child Benefit**

Cuts in child benefit are severe, with a complete freeze on increases for three years offering an annual saving to the public purse of almost £1 billion from 2014/15. More controversially, the Government also indicated that child benefit for higher rate tax payers would be stopped altogether. After much debate, George Osborne modified proposals in his budget of March 2012, introducing a tapered reduction in child benefit once one parent in a household earned more than £50,000. At £60,000 all child benefit ceases, meaning that higher income households lose £1056 a year for one child, £1752 for two children or £2449 for three children from the situation that existed prior to the budget. A surprisingly large number of families will be affected by this change in January 2013, but the savings are big too.

Originally the Government intended that the savings generated by these changes would be used to over-index increases to child tax credit by an additional £180 per year in 2011/12 and £110 per year again in 2012/13. Had this actually happened, it would have illustrated the Chancellor's stated intent to "help protect those who are most vulnerable and have the highest level of need."<sup>6</sup> This would have been ideologically significant, constituting a relatively generous act of redistribution not only from the rich to the poor in an age of austerity, but also from men (who are in the majority as higher rate tax payers) to women (who are in the majority as recipients of benefits relating to children).

These cuts also undermine the universal nature of child benefit which, in recognising the additional costs of raising children regardless of income, have had the effect of securing the support of richer people for the system as a whole.

moral values which provide Temple with a guide for developing a Welfare State which aims at equality. Six things are of foundational importance:

- Every child should be well housed in conditions that are not overcrowded or dirty, and should be fed well in order to enjoy family life as a basic experience of community.
- Every child should have the opportunity of an education until maturity, so that their particular aptitudes have the best chance to flourish.
- All Citizens should be secure in possession of such income as to be able to maintain a home under conditions pertaining to point 1 above.

- All citizens should have a voice in the business or industry in which they are involved, and should know that their own labour is directed to the well-being of the community.
- All citizens should have sufficient daily and weekly leisure, to include an annual holiday with pay if an employee, to enable them to enjoy a full and personal life.
- All citizens should be able to enjoy freedom of association and assembly, freedom of speech and freedom of worship.

Temple sums up the aim of a Christian social order as: "*the development of individual personality in the widest and deepest possible fellowship.*"<sup>7</sup>

Fellowship has been mentioned already and is fundamental to both Tawney and Temple, flowing from the theological assertion that we are all equal before God. "Community" can be misinterpreted to imply an order which imposes itself upon and restrains individuals. However, in theological terms, the Pauline word "*koinonia*" refers to the deep communion that human beings have with God and therefore with one another as those who are free to relate on equal terms. Equality is derived from human relationship with God and our common fellowship emerges from this. Together, equality and fellowship make sense of a drive towards a social and civic life in which all work together for the common good.<sup>8</sup>

The General Synod of the Church of England reflected deeply on

**Focus on...**  
**Universal Credit**

The biggest reforms in welfare arrive in October 2013. Several benefits will be abolished in favour of Universal Credit, a single payment that will simplify the welfare system and change entitlements in such a way that the **Government will claim that as many as 350,000 children and 500,000 working adults are being moved out of poverty**. There is no stated intent that Universal Credit should reflect the need for austerity, though it seems clear that reformers and cutters in the Coalition ranks negotiated hard with each other at times in shaping this aspect of welfare reform.

Universal Credit buys into the **ideology that benefits are both conditional and to be targeted** at those who are most in need. Alongside this is a concern, shared with policy makers across the years, to make sure that “social security policy does not undermine paid work as the means by which individuals secure their subsistence.”

Therefore, **Child Tax Credit, Housing Benefit, Income-Based Employment and Support Allowance, Income-Based Job Seeker’s Allowance, Income Support and Working Tax Credit are all to be subsumed for new claimants by Universal Credit**. Over the following four years, existing claimants will also be moved into the new system. The financial implications are yet to be worked out, but millions of families will discover that they are winners or losers, and it is difficult at this moment in time to judge which will be which.

Positively, Universal Credit is designed to offer a smoother progression into work than is offered by the present system. For every additional £1 that a household earns above its earnings disregard, 65p is deducted from its Universal Credit entitlement. For income not subject to tax, the withdrawal rate is thus 65%, or 76% where income is subject to income tax and National Insurance. This is substantially better than for some households under the present system, where the withdrawal rate can be as high as 95%, meaning that for every additional £1 earned, claimants keep just 5p, a considerable disincentive to move off benefits and into work.

The Government estimates that 2.8 million households will have a higher entitlement to support, while 2 million households are likely to be worse off. **Households working less than the 16 hours needed to qualify for working tax credit will benefit substantially** from Universal Credit, not least because they presently face withdrawal rates of 100% and are not entitled to support with childcare costs through the tax credit system. Any **families that are worse off under the**

**new arrangements will be protected by transitional payments**. However, these payments will not be uprated by inflation and new claimants will simply receive the Universal Credit with no additions to reflect what they would have received under the previous system.

Changes in contributions towards **childcare costs** are also set to leave winners and losers. Just as under working tax credit, 70% of childcare costs up to £175 per week for one child and £300 per week for two or more children will be also covered under Universal Credit. Because this will be extended to families working under 16 hours per week, however, an additional 80,000 families will become entitled to support. On the downside, the current system disregards childcare costs when calculating Housing Benefit and Council Tax Benefit so that some families can have up to 95.5% of childcare expenses covered. However, this disregard no longer applies under Universal Credit and some families will see their support drop from 95.5% to 70%, leaving them paying six times as much for childcare.<sup>9</sup>

Families with disabled children are also set to lose out. The disability element of Child Tax Credits is to be replaced under Universal Credit by a **“disability addition” which, for those children that are less severely disabled only, is being set at half the level** of the previous system. This could cost families as much as £1400p.a.,<sup>10</sup> more if disability affects more than one child. Government estimates show that 100,000 children will be adversely affected by this change.

In contrast to the generous arrangements for tax credits, Universal Credit will follow the capital rules applied to Income Support, Housing Benefit and Council Tax Benefit. In particular, **a capital limit of £16,000 will be applied**, meaning that households with savings in excess of this figure will not be entitled to any support. This will have the effect of very rapidly dragging families into poverty by removing the security of savings they may have.

There are several other issues that are worth mentioning briefly: a) the replacement of the Severe Disability Premium and the Enhanced Disability Premium by a **higher disability addition** under Universal Credit will leave certain disabled adults losing up to £69 per week; b) benefits that passport claimants to **free school meals**, worth an average of £367 per child per year, will disappear under Universal Credit meaning that new criteria will need to be developed; c) the shift to paying Universal Credit monthly rather than weekly or fortnightly under the current system will create budgeting problems for those not used to this.

## Initial Assessment of Universal Credit

It is unclear, at present, how entitlements will be set and the Chancellor is already setting budgets that further limit spending on welfare. However, the Institute for Fiscal Studies has prepared a preliminary analysis of the effect that Universal Credit is likely to have on incomes in particular.

The IFS is positive about aspects of Universal Credit. By reducing the number of separate means-tested benefits people claim, Universal Credit makes it simpler for claimants to understand. There is one set of rules for what counts as income, and a single withdrawal rate (65%) after earnings disregards have been taken into account. Crucially, it is variations in the earnings disregards across different household types that allow the government to favour one claimant type over another, creating winners and losers out of the system. The disregards in the table below offer much more to working couples than to single working adults.

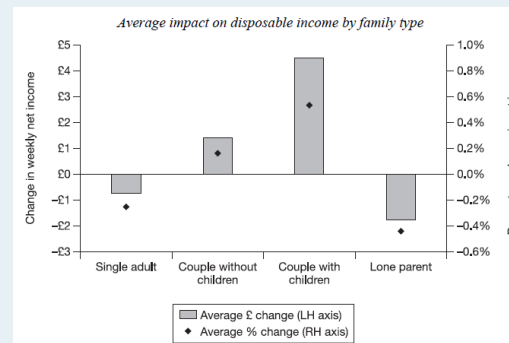
Claimant Type	Max. Disregard	Min. Disregard
Single Adult	0	0
Couple without children	£3000	£520
Couple with at least one child	£5700	£1040 + £260 for 2nd & subsequent children
Lone Parent	£7700	£2080 + £260 for 2nd & subsequent children
Disabled Person (if a claimant or either partner in couple is disabled)	£7000	£2080

Unearned income other than interest income (mainly from pensions and maintenance payments from former partners) will not be disregarded, and will reduce Universal Credit pound for pound. The result of this is that unemployed lone parents in receipt of large maintenance payments may lose out substantially from the introduction of Universal Credit.

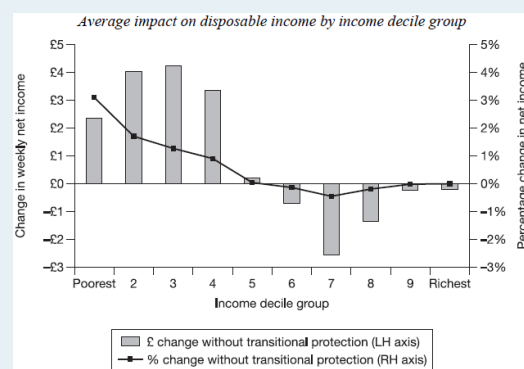
The IFS also notes that the treatment of savings and investments is similarly harsh for certain groups. The current system of tax credits disregards the first £300p.a. of any investment income and then reduces benefits above that amount by a taper of up to 41% until the value of the benefits dwindles to zero. Under Universal Credit, it is not investment income that is taken into account, but the capital value of the savings. Savings under £6000 are ignored; where savings exceed £16,000 all entitlement to Universal Credit is lost; for each £250 of savings above £6000 but below £16,000, £1 per week is deducted. The IFS takes the example of a family with £16,001 of savings and calculates that, at an investment rate of 3%, tax credit entitlement would have been reduced by just £1.42 per week, whereas under

Universal Credit all entitlement is withdrawn.

On the assumption that there is full take up benefits, the IFS has been able to calculate the various winners and losers under Universal Credit against the previous system. Allowing for all of the details above, it becomes clear from the following chart that couples both with and without children are beneficiaries of the reform, over and against single adults and lone parents, though transition payments will soften this effect for some time into the future. This is consistent with an ideological trajectory towards strengthening more traditional models of family life.



The IFS also calculates that in the longer term, once transitional protections have ceased to have an effect, Universal Credit will result in benefits being better targeted towards those in lower income groups. The following chart shows that the poorest 10% of families will see a 3.1 per cent rise in their incomes compared with the previous system (though none of this takes any account of the other cuts detailed elsewhere in this paper).



Although it is not the main focus of the report, one of the most serious observations made by the IFS is that workless families will, on average, experience substantial losses on the introduction of Universal Credit. This is due primarily to changes in the treatment of unearned income of all types, as detailed above. Their other major concern is that Universal Credit fails to integrate well with imminent reforms to Council Tax Benefit and that this cuts right across the government's attempt to simplify welfare.

this in its 1986 publication, *Not Just for the Poor*, in which it stresses the interdependent nature of human living. “*The Christian picture of a mature and balanced human life is about . . . the opportunity and the means to give, and . . . the liberty of being able to receive.*”<sup>11</sup> Fellowship, seen in this way, reinforces the moral obligation to care for the well-being and freedom of every single member, and challenges a society which either encourages the independence of its more wealthy members or stimulates dependence among the poor. Such sentiments are a direct reflection of the belief held by Tawney and Temple that capitalism habitually generates an unequal distribution of wealth and power which has the effect of harming human fellowship. The Welfare State that was developed after World War Two was in effect a mechanism for remedying the negative social effects of market capitalism. It had some of its roots in Christian theology.

### **Breakdown in the Welfare Consensus and the Rise of a Market Society**

William Beveridge set in place a system of “social security”, a term he preferred to “welfare” because the latter implied that people were receiving something for nothing: “*Benefit in return for*

*contributions, rather than free allowances from the State, is what the people of Britain desire.*”<sup>12</sup>

This was to be a financial safety-net that operated from “cradle to grave”, meeting interruptions to people’s ability to care for themselves and their family, due to sickness, unemployment or retirement. Social security was intended to address what Beveridge termed the “five giants” of squalor, ignorance, want, idleness and disease. Fundamental to this system was an on-going commitment from government to full-employment as a policy goal, so that unemployment statistics were effectively a record of those who were temporarily between jobs. Beveridge also recognised the danger of making benefits so generous as to encourage people to adapt their lifestyle towards one of dependency rather than work.

For thirty years after its establishment under Beveridge, the Welfare State was regarded as fundamentally desirable by British people and political parties alike. Expectation was initially high that welfare policies would address poverty, reduce inequality and build the sort of social order of which William Temple had written. Surveys throughout the 1960s and 70s, however, culminating in *Poverty in the United Kingdom* (1979), suggested that the reality was otherwise.

Redistribution had taken place, but this had been primarily from the very rich to the not quite so rich, rather than ameliorating the needs of the poor who had become relatively worse off and increasingly excluded from the majority.

This is partly explained in Frank Field’s *Inequality in Britain: Freedom and the Welfare State*, which depicts four other forms of “welfare state” that have habitually undermined the attempt to create a more egalitarian society: a) tax allowances create an opportunity for those with good tax accountants to reduce their contribution considerably; b) tax provisions that effectively subsidise private sector perks, such as company pensions, sickness benefits, company cars and medical insurance, not only increase inequality but also have the effect of undercutting universal provision; c) there are many legal ways of avoiding the measures by which inherited wealth is redistributed; d) the continued expansion of private markets in health and education, which are often favoured for tax purposes and given charitable status, serves to permit wealthier individuals to opt out of general provision.

However, this does not account for the more general antipathy towards welfare provision that

## Focus on...

### **Localised Support for Council Tax**

In its present form, low income families share £4.8bn in Council Tax Benefit. This would be substantially higher but take up stands at just two thirds of those who are entitled to the benefit. It is administered locally based on rules set nationally. Around half of CTB goes to households that are in receipt of the lowest 20% of incomes in Britain.

Reforms, to be introduced in April 2013, which localise support for council tax are intended to save 10% of the above bill annually. A fixed amount of money will be given to local authorities which will then set their own qualifying criteria for recipients. Pensioners will be protected from reductions in benefit, which means that local authorities will have to save more than 10% in offers of assistance to people of working age. This is likely, therefore, to adversely affect the poorest working-age members of our communities. The government would argue that making a means-tested benefit smaller reduces the disincentive to work, and are effec-

tively using this localisation of support for council tax as a way of encouraging local authorities to buy into the agenda to encourage work as the best way out of poverty.

The other main alternative for local authorities in devising local schemes is to apply more aggressive means tests which will concentrate losses among the low to middle income groups whilst protecting the very poorest families. This would be likely to weaken incentives to work. As the IFS point out, however, in the context of introducing Universal Credit as a way of simplifying the benefits system, it makes little sense to localise CTB in such a way that local authorities end up running separate schemes with different criteria for means tests.

In any event, local authorities should have had draft regulations available by summer 2012 and need to have IT systems in place for administration by January 2013. This is a tight timescale, but if they fail to do this, they will need to run the old system for a further year, absorbing the 10% reduction in central funding from elsewhere in their budgets.

many were already feeling by the mid-1980s and which is even more marked today. It is not just that people have become disenchanted with the Welfare State, given its failure to achieve a more equal society, but also that they no longer seem to aspire to equality as a policy goal.

Understanding social security as a form of insurance which protects everyone against the misfortunes of human life has been replaced by a concept of welfare as a system of dependency in which some only put in and others only take out. In addition to this, the failure to adopt full-employment as a policy goal has left successive governments massaging unemployment figures, by widening the gateway to

incapacity benefits, for instance, and has created a small proportion of long term claimants who present to the general public as benefit-dependent. In addition, the TUC point out that: *“For a generation, governments have used higher National Insurance contributions to keep income tax rates down. This has had little to do with the purposes they had officially been earmarked for, and the credibility of the contributory principle has been undermined.”*<sup>13</sup>

Over the last twenty five years, the values of equality, fellowship, interdependence and mutual service have become increasingly subsumed by a neo-liberal market ideology in which competition, self-interest, independence and ultimately money govern not just

economic behaviour but social attitudes as well. As a result, it is difficult for politicians to garner support for welfare provision and it is often more politically expedient to be seen to be leading the charge on benefit dependent “scroungers”. Given that most people are relatively ignorant of our complex welfare system, the public’s outlook on welfare is easily shaped both by the media and by politicians themselves. Increasing ethnic diversity in the UK has also had the habit of weakening the bonds of fellowship that Tawney saw as necessary to maintain public support for welfare provision and has created further potential for anti-welfare demagoguery.

Peter Taylor-Gooby suggests that

**Focus on...**  
**Changes to Housing Benefit**

Although Universal Credit will replace Housing Benefit for new claimants from 2013, it will take until 2017 for existing claimants to be transferred to the new system. It is therefore worth recording the substantial changes that are already affecting Housing Benefit.

As it stands, housing benefit pays some or all of the private renting costs of those who are unemployed or on low pay. The government is keen to reduce expenditure on this aspect of welfare, which has risen rapidly since the reduction in the stock of council housing from the 1980s, which pushed people out into the private rented market. Many of the changes in housing benefit did not need legislative reforms, are already far reaching, and will reach further still in the coming months.

There has been no increase in non-dependant deductions (NDDs) from housing benefit since 2001. Non-dependants are adult sons, daughters, relatives or friends living with the claimant who may be contributing informally for board and lodging. Instead of such contributions being treated as income, a fixed rate NDD is applied to the benefit claim. From April 2011, the government is increasing NDDs by more than inflation so that by 2014 they will be 50-90% higher. As an illustration, a weekly deduction of £9.40 (April 2011), instead of £7.40 (April 2010), will be applied for an over-18 non-dependant who is not in remunerative work. The deduction for non-dependants who are in remunerative work will vary with income, but for someone earning between £180 and £234 per week, the NDD will rise from £23.35 to £29.60.

In April 2011, the excess benefit rule for Local Housing Allowance (LHA) was also removed. Under this rule, if the LHA was set at £100.38 per week, yet rent was only £60 per week, an additional £15 was received, making the total claimed £75. Of the 43% of LHA claimants currently receiving an excess, many are located in former industrial cities where jobs are hard to come by and housing is relatively inexpensive.

LHA rates have previously been set at the median value of local rents in the Broad Rental Market Area, i.e. at the 50th percentile. This was to be reduced to the 30th percentile from April 2011 for new applicants and from January 2012 for existing claimants. As a result, tenants may need to move to cheaper accommodation. However, the application of a 30th percentile to calculate LHA will also have the effect of reducing the stock of affordable properties for rent, so that some claimants will find themselves stuck in tenancies they cannot afford.

Similar difficulties emerged from April 2011 as a result of capping the LHA for one, two, three and four bedroomed properties at £250pw, £290pw, £340pw, and £400pw and by removing completely the rate applicable to five bedroomed properties. As with the changes in percentile used to calculate LHA, there is a nine month transitional period for existing tenants to find new properties. However, in areas where rental prices are high, or where

there are insufficient smaller properties available for people looking to downsize, people in receipt of housing benefit are likely to find themselves considerably out of pocket.

Rates for LHA in Leeds illustrate these reductions:

<i>Source: Leeds City Council website</i>	LHA Dec 2010	LHA Apr 2011	LHA Apr 2012
Shared	61.50	59.00	61.50
1 Bedroom	109.62	98.08	99.00
2 Bedroom	126.92	114.23	122.75
3 Bedroom	144.23	132.69	150.00
4 Bedroom	206.54	170.20	196.15
5 Bedroom	335.00	N/A	N/A

Local rents at the 30th and 50th percentile in Leeds are nowhere near the caps imposed for 1-4 bedroom properties, so housing difficulties experienced by people in the north are not as bad as for people in London, but those in a 5 bedroom property may need to downsize.

Debate over housing reforms is intensifying, with claims that Local Authorities in places with high rents are engaged in forms of social cleansing. The Guardian reported on 24th April 2012 that Newham Council had asked a housing association in Stoke on Trent to take on 500 families on who have been priced out of the rental market in London by the cap on housing benefit. Anecdotal evidence from one of York's housing associations suggests that high rental values may also be generating localised problems outside London.

The only other significant change to have affected LHA in 2012 was the January rise in the age threshold from 25 to 35 for shared accommodation. This meant that under-35s would receive LHA on the basis of having a single room in a shared house, rather than a one bedroom house or flat. There are obvious exemptions to this, including people responsible for a child, tenants in receipt of the severe disability premium, violent offenders and sex offenders. In total, Leeds City Council estimates that this will affect around 1500 people in the city who will see their housing benefit cut from £99.00 per week to just £61.50.

After all these changes to the private rented sector, to which LHA specifically applies, changes in housing benefit will also be introduced for social housing from April 2013. The effects of this will be massive on tenants in council and housing association properties. Size criteria will apply in a similar way to that for LHA, with people living in houses with more bedrooms than they need receiving reductions in housing benefit of 14% if they under-occupy by one bedroom, or 25% if they under-occupy by two bedrooms. Whilst these changes are for only the working age population, it is estimated that 670,000 tenants nationwide will see housing benefits reduced at an average loss of £13 per week. One of the fears arising from the changes, is that local authorities will find it increasingly necessary to house families in high rise accommodation, something that many have been keen to avoid.

the welfare consensus was built originally around an alliance between the middle and lower classes who had a common fear of unemployment, lack of income, disability etc., but that this connection is now broken. New patterns of economic insecurity have been created by the globalisation of markets and a shift from manufacturing to the service sector that have most adversely affected manual workers. An unstable politics of welfare gains some support during cycles of recession but then loses far more during periods of economic growth, resulting in the development of a dependent out-group who find employment increasingly beyond reach and become an easy target for popular contempt. Addressing dependency has been the major focus of welfare reform since the 1980s and continues to drive the agenda today.

## Dependency and Welfare

Alan Deacon's excellent book, *Perspectives on Welfare*, usefully details the ideas and ideologies that shaped welfare policy until the end of Labour's first term in office. However, there has been such significant policy overlap between the political parties in recent years that the analysis is relevant in understanding the changes introduced by the Welfare Reform Act of 2012.

Deacon discerns five overall

perspectives on welfare. The first, *Unconditional Universal Welfare*, recognisable from the work of Tawney and Temple, takes poverty and inequality as the problems to be addressed and treats redistribution through welfare as the answer. The other four perspectives are attempts to limit the dependency created by redistribution: *Conditional Universal Welfare* assumes that people will act rationally in their own self-interest and adopts forms of welfare that aim to incentivise independent living; *Paternalist Welfare* assumes that people are not always capable of acting rationally in their own self-interest and so uses welfare to compel the behaviour desired of them; *Welfare as Obligation* assumes that people may be moved by duty as well as by self-interest and shapes welfare so as to encourage responsible behaviour; and *Transitional Assistance* introduces time-limits to welfare as a forceful way of stopping cash payments from undermining the incentive to work. These perspectives are not mutually exclusive and form the basis for certain aspects of welfare reform detailed in some of the text boxes in this document.

In discussing **Universal Unconditional Welfare**, Deacon focuses on the work of Richard Titmuss, whose influence on policy extended well beyond his

death in 1973. Titmuss did not share Tawney's Christian faith, but nevertheless argued for fellowship and equality as values which emerge from within society itself, rather than having their roots in relationship with God. He believed that attaching conditions to benefits distorted social care in such a way that it became an instrument of economic policy. He will also not naturally have appropriated an aspect of theology that will have been fundamental to both Tawney and Temple – that human beings are capable of sin as well as compassion. As a result, whilst Tawney would wish to balance the responsibilities and duties of both the state and the individual to each other, Titmuss focused primarily on the rights of the individual and the responsibility of the state. Unfortunately, a reluctance to highlight the obligations of the recipient of state benefits, opens up Universal Conditional Welfare to the criticism that has gained momentum since the 1970s, that it has created a culture of dependency.

Perhaps the most significant British advocate of **Conditional Universal Welfare** is the Labour politician Frank Field. A Christian himself, Field nevertheless notes the declining influence of the Church as the institution which has previously been a driver for reminding all individuals of the

### Focus on...

#### **Household Benefit Cap**

In April 2013, the total amount that a working-age household is able to receive in benefits will be capped at the average weekly wage earned by working households. Current estimates suggest that this will be around £500 per week (£26,000 per year) for couple and lone parent households, and £350 per week for households with a single adult with no children. In the first place, the cap will be administered by Local Authorities under Housing Benefit, one of the benefits included in the cap. In due course, it will be administered under Universal Credit as this subsumes other benefits. Aside from the effects this will have in cash terms, the cap significantly breaks the link between entitlement and the number of mouths in a household to be fed.

The DWP estimates that 67,000 households in 2013-14 will be affected by the cap, rising to 75,000 in 2014-15. Inevita-

bly this reform will most affect families with three or more children in areas where rents are high, particularly in London and the south east. The Children's Society has argued that the effect will be to drive large families out of private rented accommodation which will no longer be affordable. It also suggests that the reform confuses non-working household income with average household earnings, where the latter takes no account of tax credits and other benefits that accrue to those who work on low incomes. If this was taken into account, the cap would be set at around £31,500, thereby reducing the number of families that drop into poverty.

As an illustration of how the Benefits Cap affects people in Yorkshire and the Humber, it is estimated that 184 families in Leeds will see an average reduction in benefits of £65 per week. All families have four or more children. The worst effects of this reform will leave 14 families with seven or more children losing all their entitlement to housing benefit.

need to behave responsibly. In the absence of such a moral driver, self-interest, which Field also regards as a significant motivating force, should be built into welfare provision, in order to reward right behaviour and punish wrong among benefit claimants. There is room for a significant discourse here on whether Christian theology can make room to use self-interest as a value in the way that Field advocates. However, his experience as an MP in an inner city community in Birkenhead, where the benefit claimant count has been high for years, leaves him well in touch with the realities of secular life in Britain. Field's contribution to the question of dependency is to introduce the notion of the "poverty trap" in which means-testing acts as a disincentive to

claimants increasing their income through work. Means-tests are to be rejected outright, because they teach the wrong behaviour – claimants, acting rationally out of self-interest, will work only up to the point where it is to their advantage.

**Paternalist Welfare** seeks to compel the poor to help themselves because they do not always have the competency to act out of self-interest. Social obligations that others take for granted need enforcing because people do not always act rationally to make the most of incentives of the sort that Frank Field favours. However, overseeing people's behaviour is time-consuming, expensive and bureaucratic, requiring a large number of well-trained staff to direct people towards the

outcomes that are best for them, and the common good. The question also arises whether treating people like children actually inculcates adult behaviour in the longer term.

Chief Rabbi, Jonathan Sacks, has been a leading exponent in recent years of **Welfare as Obligation**, arguing that the decline of faith in Britain has effectively demoralised society. Institutions that traditionally developed and maintained the moral voice through family, school and other communities no longer hold the influence they did. Under religious influence, providing care and inspiring morality were part of the same institutional activity. However, when the State effectively nationalised the provision of welfare, it left morality to individual conscience



and simply sought to safeguard the lifestyle choices that people made. Sacks believes that welfare should be used to re-establish a moral sense that engenders mutual commitment and reciprocity. It is conditional on recipients making proper use of the opportunities that welfare affords them as their response to the Government's commitment to care. Rooted in communitarianism, Welfare as Obligation believes in the common good and that it is possible for people to sense this in such a way that it rekindles the commitment they feel towards others. As used by governments, this approach has the weakness of tending to focus attention on the moral inadequacies of the poor, whilst leaving wider society to live as they like by virtue of not needing to depend on welfare, or indeed other people, in the first place.

The final perspective on **Welfare as Transitional Assistance** applies strict time-limits to cash benefits as a way of inhibiting people from becoming welfare dependent in the long term. This is because

research shows that whilst the majority of people who ever need to claim benefits, do so for relatively short periods, nevertheless a snapshot of those who are currently in receipt of benefits at any one moment in time, paradoxically reveals that over half are long term claimants. The majority of welfare is therefore paid to a relatively small number of long term recipients. Targeting those who are most likely to become dependent is important, therefore, and research suggests that characteristically these people are unmarried, have dropped out of school and have little or no work experience. Under Transitional Assistance, work must be seen to pay and welfare is understood as part of a contract between Government and recipients, in which benefits are offered alongside the obligation to retrain or undertake activities that make a person more "work-ready". Since research also shows that the majority of claims are triggered by changes in family circumstances (most usually by the dissolution of a two-parent family, or by a

divorced, separated or never-married woman having a child) rather than by a reduction in earnings, cash benefits are not seen to be the answer to the problem of dependency. Policies tend, therefore, towards encouraging the nuclear family, and welfare is, in a sense, stigmatised as a way of ensuring that a life on benefits cannot be seen as somehow successful.

These different approaches to welfare beg questions from a Christian perspective, especially given the involvement of the Church in formulating the Welfare State in the first place. Has the Church itself failed to make a suitably supportive case for the on-going existence of welfare provision as redistribution directed towards a more equal society – have we lost the vision, or indeed the confidence to express that vision with clarity in the political arena? Have public theologians failed to articulate sufficiently well a theologically driven view of human beings that acknowledges sin and the natural inclination to pursue self-interest over and above any duty of care

### **Focus on...**

#### ***Discretionary Social Fund***

In April 2013, the Discretionary Social Fund, a final safety net which provides grants and zero interest loans to vulnerable people to help them deal with emergency needs in a crisis, is to be abolished in favour of transferring some of the finance to local authorities to run their own schemes, if

they choose to do so. There are concerns that local authorities, already having to make substantial budget cuts, will simply absorb much of the finance. At a time when unemployment is rising and the high cost loans industry is expanding rapidly, the need for emergency finance is likely to be a critical lifeline for families with debts in particular. It will be important that local authorities run a scheme to meet crisis needs.

**Focus on...**  
**Pension Changes**

In 2015 a Citizen's Pension will be introduced for new people retiring. At a flat rate of £140 per week for a single pensioner and £280 per week for a couple, this is more generous than the current State Retirement Pension. The latter is often topped up with a means-tested Pension Credit that guarantees a minimum income of just £137.35 for single

pensioners and £209.70 for couples. The government has indicated that it would be too expensive to introduce the new scheme for those already in receipt of the State Retirement Pension, so the two systems will run concurrently until the last person on the old system dies.

In addition, the state pension age is set to start rising from 2016. By 2018, men and women will both retire by the age of 65 and this will increase to 66 by October 2020. It seems likely that a further rise in the state pension age to 68 will be introduced later.

for our neighbour, or the temptation to treat benefits as a lifestyle option in preference to work? Is self-interest theologically or morally acceptable as a policy tool for driving welfare reform? Does paternalism restrict people's freedom and are paternalists in a proper position to judge what is in someone else's best interests? If we are to accept that welfare comes with moral obligations for the poor, then what room is there to remind those who are not dependent on others of their moral obligations to care? And what of the radical shift from a Welfare State in which the benefit claimants feel no sense of stigma, to one in which stigma is used as a policy tool which effectively discourages take-up and further erodes popular support for welfare itself.

Before we turn these questions into a policy formulation that allows the Church to contribute to the current debate, we explore one more important aspect of welfare around which much of the discussion turns – the existence,

or not, of a dependent underclass which persists from generation to generation and makes a lifestyle out of welfare rather than work. The word "feckless" (more strictly "effect-less", that is, worthless because of being ineffectual) is the contemporary descriptor of choice, increasingly attached to all who dare to claim welfare. For Christians, as well as for wider secular society, do the feckless really exist?

### **A Feckless Underclass?**

Owen Jones' recent political bestseller, "*Chavs: The Demonization of the Working Class*", is the latest in a long line of research that denies the existence of an underclass in British society. For Jones, welfare dependency exists only among a relatively small number of households who have resigned themselves to a life on benefits in the absence of any obvious alternative. However, this group would not be large enough to

constitute an intergenerational culture of welfare dependency and worklessness as described in documents like *Get Britain Working*. Owen Jones effectively takes one stage further the notion that the welfare consensus ended when the alliance between the middle and working classes broke down, by concluding, in somewhat exaggerated fashion, that class warfare is now in full swing again. It takes the form of the working classes being demonised as under-ambitious, non-aspirational, 'welfare scroungers' by an alliance of pretty well everyone, including all the mainstream political parties.

Chav, originally a Rumanian word, *chavi*, meaning "child", was initially reserved as an epithet for anti-social, young people in inner-urban areas, but has come to embrace the working classes more generally, especially those in receipt of benefits. Summed up in the popular media backronym, *Council House and Violent*, today's Chav is characterised as workless, prone to violent crime, and of

single parentage, or *'idle, thieving bastards'* as Bagguley and Mann noted some twenty years earlier.

The derogatory language of choice changes but hard facts are difficult to come by. John Macnicol's historical survey, *In Pursuit of the Underclass*, covers the early years of the twentieth century up to the time he writes in 1987. For Macnicol, it is not social disadvantage that is passed from one generation to another so much as the idea of an underclass which is re-assumed and re-cycled in new guises. At its worst, the hereditary transmission of multiple disadvantage has been associated with mental deficiency and the proposal that sterilisation is one of the ways to limit the problem. When the concept of an underclass re-evolved under Keith Joseph in 1972, a working party on Transmitted Deprivation commissioned 23 empirical studies which delivered a verdict that Macnicol summarises: *"No simple intergenerational pattern can be demonstrated: many families and individuals manage to break out of the cyclical process."*<sup>14</sup> To a large extent, therefore, the victims of poverty are not to blame for transmitting attitudes, especially towards work, that keep their families poor. Rather it is structural, economic factors that are the cause of inequality and the attempt to change the behaviour of the poor in a "culture of

welfare dependency" is to be seen as a smokescreen used by the winners in a market society to excuse themselves from the proper care of those who have not been so fortunate, somewhat akin to Tawney's tadpole philosophy above.<sup>15</sup>

Owen Jones is clear that the deindustrialisation of the United Kingdom has removed a large number of relatively secure and well-paid skilled and semi-skilled jobs from the economy to be replaced by insecure, low-paid, unskilled jobs, with the working classes moving between employment and benefits on a regular basis. This is the pattern for employment that has been created for a large number of poorer people, but the media are far more likely to relate anecdotal evidence about benefit dependent households and leave their readers to extrapolate this into an underclass of individuals each of whom is to be tagged with the epithet Chav. Jones insists that the problem is structural and that the economy has been tilted heavily in the direction of London and the South East since the 1980s.

Unemployment continues to affect mainly the older industrial communities, including a large number of cities in the North of England, and seems likely to worsen before it gets better. Benefit claims will remain

necessarily high in these areas until unemployment is made a political issue again. An industrial policy is needed to rebalance the economy away from a banking sector which cashed in its taxpayer guarantee in 2008 to effectively receive a subsidy way in excess of anything received by manufacturing in the 1970s and 80s. The cost of covering that failure in the banking system is funded at least in part through austerity measures that have reduced benefits for those now accused of being feckless.

In a sense this brings us full circle back to the point that Tawney, Temple and others found the need to argue 75 years earlier. Their theology of equality makes it impossible, for Christians at least, to describe anyone as being feckless – effectless by virtue of being defined in economic terms alone, worthless because of a failure to work. If Tawney and Temple are right to begin with the fundamental equality and worth of every human being because each person is loved equally by God, then of all the words to describe those who depend on welfare, "feckless" has to be the one that rankles most. Perhaps it is also the one that might shake the Church out into the public square, where there is a serious debate to be had once more.



## Conclusions and Policy Recommendations

### For the Churches

- Articulate publicly a theological narrative that supports the Welfare State as part of a civilised democracy and as a social good which reinforces human equality and fellowship.
- Challenge the present culture of possessive individualism which defines freedom as a licence to pursue self-interest at the expense of mutual care and respect.
- Encourage citizenship at all levels of society, so that those who are economically active accept a duty to care for the vulnerable through taxation, and those who are economically inactive accept an obligation to pursue work if they are able.
- Commend welfare reforms that taper benefit withdrawal at levels which incentivise work as part of the answer to the issue of benefits dependency.
- Affirm publicly that the victims of poverty, especially children, are not to blame for their own plight.

### For National Government

- Establish policy goals that aim to create a more equal society and address widening inequality in the United Kingdom.

- Affirm the foundational principles of the Welfare State as an active mechanism for remedying the negative effects of market capitalism.
- Assert the importance of education for personal flourishing and not just for economic performance.
- Acknowledge the need for secure forms of income from employment that enable people to house and feed their family well.
- Establish full-employment as a policy goal in order to make sense of a welfare system which views unemployment as a temporary interruption to work.
- Avoid the use of time-limits on benefits, except where job-seekers have good prospects of finding work.
- Support stable relationships within the family and the home as a place where children may flourish. Recognise that single parents may require additional support to achieve the above.
- Avoid the temptation to stigmatise benefit claimants as “scroungers”, either as a way of discouraging take-up, or of making political capital out of the issue. In particular, to avoid the word “feckless”, which opposes a Christian understanding of the equal worth of all people.
- Adopt a proactive industrial policy that aims to rebalance the economy by stimulating

- economic activity in the north and other older industrial areas.
- Recognise the needs of local authorities that are highly dependent on the formula grant for their income. In particular, cuts to local authority budgets in Bradford, Barnsley, Doncaster, Kingston upon Hull, North-east Lincolnshire and Sheffield are disproportionately large.
- Commit to returning to indexing benefits by reference to RPI when austerity permits.
- Use the savings made in reforming child benefit to over-index child tax credits as was originally intended.
- Consider the introduction of rent caps as one way of reducing the welfare budget for housing benefits.
- Take proper account of tax credits in assessing the average household income necessary to create a household benefits cap.

### For Local Government

- Establish a Fairness Commission to help to balance how cuts in budgets are applied locally.
- Avoid the temptation to house families with children in high rise accommodation.
- Ensure the operation of a Discretionary Social Fund as a safety net for the vulnerable.
- Ensure the adequate provision of debt and benefits advice, especially in the most deprived areas.

## End Notes

- <sup>1</sup> Grover, C. (2011), p.240
- <sup>2</sup> Beatty, C and Fothergill, S (2011), p.13
- <sup>3</sup> Ibid., p.4
- <sup>4</sup> Ibid., p.13
- <sup>5</sup> Quoted in Forrester, D B (1985), p.30
- <sup>6</sup> Quoted in Grover, C. (2011), p.241
- <sup>7</sup> Quoted in Atherton J et al (2011), p.37
- <sup>8</sup> Elford and Markham, (2000), p.229
- <sup>9</sup> Royston S. (2012), p.74
- <sup>10</sup> Ibid., p.74-75
- <sup>11</sup> Church of England Board for Social Responsibility (1994), p.18.
- <sup>12</sup> Quoted in Bell and Gaffney (2012), p.4.
- <sup>13</sup> Bell and Gaffney (2012), p.4.
- <sup>14</sup> Macnicol (1987), p.294.

It seems important to at least footnote the contributions of Kate Pickett & Richard Wilkinson, as well as of Daniel Dorling, in highlighting the rise in inequality in recent years. See bibliography.

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The Churches Regional Commission represents the Christian community ecumenically, speaking with a common voice, in the area traditionally known as Yorkshire and the Humber. This voice is communicated by Church leaders in concert with senior lay Christians in business, in the public and charitable sectors, and in academia in order to make it relevant and credible to organisations and political units beyond the Church.

The CRC delivers policy guides that offer a northern perspective on national debate, inform churches and Church leaders about government initiatives and make concrete connections to Christian mission in local neighbourhoods.

A Social Justice Group draws together key individuals from across the region who understand their local communities and the issues that are affecting vulnerable neighbourhoods, and who are able to give voice to the ordinary people with whom they are in contact.

CRC initiates and stimulates project work that informs and is informed by policy, and which models creative, regionally significant responses to social need and economic disadvantage.

CRC also facilitates an Interfaith Task Group and a Rural Task Group.

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**“The Primary principle of Christian Ethics and Christian Politics  
must be respect for every person simply as a person.  
If each man and woman is a child of God, whom God loves  
and for whom Christ died, then there is in each  
a worth absolutely independent of  
all usefulness to society.  
The person is primary and not society;  
the State exists for the citizen, not the citizen for the State.”**

**(William Temple, Christianity and the Social Order)**

